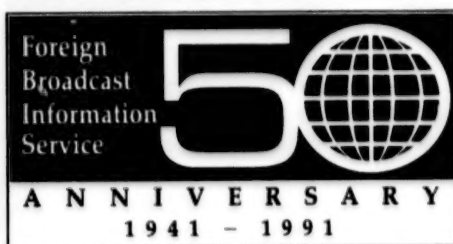


JPRS-EER-91-067  
16 MAY 1991



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# ***JPRS Report***

# **East Europe**

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# East Europe

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## INTERNATIONAL AFFAIRS

### Hungarian Ambassador to Sofia Interviewed

91BA0472A Sofia DEMOKRATSIYA in Bulgarian  
15 Mar 91 pp 1, 6

[Interview with Sandor Szabo, Hungarian ambassador to Sofia, by Irina Marinova; place and date not given: "We Have a Common Political Philosophy"—first paragraph is DEMOKRATSIYA introduction]

[Text] Mr. Sandor Szabo was born on 24 August 1951 in the city of Mezohegyes. He has a university degree in economics. He has worked for the Hungarian Ministry of Foreign Affairs, East Europe section, since 1974. He was a diplomat in the USSR. He is married and has a 12-year-old son. His hobbies are soccer and skiing.

[Marinova] Mr. Ambassador, no country in Eastern Europe, or even in the world, has accomplished a similar system change. There are many attempts to find the most proper model for transition to a market economy and its related democratic changes. Which of the proposed models do you think looks most promising? What element of the Hungarian experience can be applied in other East European countries?

[Szabo] In the first place, I do not share the idea that there has to be a precisely defined ordering of various countries. Second, I do not agree with the concept of a model, which I associate with the past. The question is rather that of category, which we must follow expediently.

The East European countries are similar in that, depending on the stage in which they find themselves, they have removed or are removing an old practice and, for a shorter or a longer time, have been establishing the foundations of a new political system and a new political structure. I would like to emphasize that we have a common political philosophy that includes the formation of a multiparty parliamentary democracy, a rule-of-law state, and a market economy, and that requires totally renewed international relations. At the same time, each country is implementing this philosophy according to its national characteristics and points of view, and at rates accepted by it. I think it is entirely natural for each country to apply our common political philosophy to everyday practice in its own way because our countries have different historical developments, different democratic traditions, different heritages, and different cultures. In addition, they are located in different regions. I do not think that the Balkans and Central Europe, for example, are in the same region. Many factors influence the process of changes, and they differ from one another in level of necessity and natural applicability. This does not mean that each country should not take advantage of the experience and practice of others and learn from others' errors. In this respect, it is understandable that Hungary is the center of interest of East European countries because, I think, it has the greatest traditions, the richest history, and the longest

past under restructuring. I am referring to the events of 1956, for example. The interest that Bulgaria is showing in this sense pleases us a great deal.

[Marinova] What do you think are the most important challenges facing the Hungarian parliament and government?

[Szabo] The challenges facing the Hungarian parliament are many because the laws that will establish the legal prerequisites to change the system are many. For a truly multiparty democracy to predominate, for a rule-of-law state to function, the legal prerequisites necessary for that goal must exist. All this determines the challenges, activities, and work load of our parliament. More specifically, parliament is now discussing a bill for compensation and for dealing with property-related issues. Other urgent matters are the passage of a four-year economic government program and a land law that the Bulgarian Grand National Assembly has already passed. Our government is now developing the country's foreign economic program.

[Marinova] Do you feel that the past close relations between Hungary and Bulgaria should be intensified in the transition period? Will the common past contribute to a common future?

[Szabo] Undoubtedly, yes. Especially when we consider that we are talking of political tendencies acting in similar directions that seek common points.

[Marinova] The president of Bulgaria, Mr. Zhelev, will visit Hungary in April. What do you, personally, expect from his meetings with Mr. Antall?

[Szabo] In the first place, I expect the establishment of a basis for the activities that will permit an exchange of the Agreement for Friendship, Cooperation, and Mutual Assistance with a document that is new in quality and spirit. Its drafting, of course, requires a lot of time, and, because of this, I do not think it will be drafted in time for the summit meeting in April. In it, both countries will make a political declaration that will serve as a framework for the formulation of principles, goals, and intentions. The agreement will be drafted on its basis later. Both Bulgaria and Hungary already have experience in this respect. Your country has signed a declaration with the CSFR on relations between the two countries, and Hungary is almost ready to sign a similar agreement with the USSR.

In the second place, I expect important issues to be discussed at the negotiations table that will lead to closer cooperation between the two countries, and I hope they will be of mutual interest. I am referring to the field of economics, for example. Hungary can play a greater role in the development of Bulgarian tourism and its infrastructure.

I also expect that issues will be discussed that, at first glance, seem external but that have great international projection, including humanitarian as well as human

rights issues, which are extremely important for our integration with Western Europe and for our relations and contacts with international organizations.

Last, I am referring to a meeting between two people who did not choose politics as a profession initially but have found themselves in it, coming from other and, I think, very much related walks of life. They are individuals with similar makeup and understanding of the problems.

## CZECHOSLOVAKIA

### Public Poll on Federation, Slovak Sovereignty

91CH0511A Bratislava PRACA in Slovak 5 Apr 91 p 1

[Article by Peter Kubinyi: "Our Views of the Pressing Questions in Percent: Who Was Surprised by the Poll?"]

[Text] The research department of Slovak Radio together with the Institute for Social Analysis of the Komensky University in Bratislava conducted a poll between 26 and 28 March on some pressing political questions. Taking part were 442 people, a representative all-Slovak sample. Let us look at some of the results:

"Which constitutional structure is, in your opinion, the most advantageous for Slovakia?" A federation was indicated as the best form by 46.2 percent of those asked, a confederation by 15.4 percent, an independent state by 16.1 percent (6 months ago that was only 10.7 percent....). Slovaks did not favor a tripartite federation (only 5.7 percent spoke in favor of it), and they were not enthusiastic about a union system either. But they also had their own idea of a federation. That is clear from another question: "Do you consider it necessary to achieve sovereignty for Slovakia?" As many as 46.4 percent of respondents think—very necessary, another 19.9 percent—somewhat necessary. This information plainly shows that we are not confusing the terms independent and sovereign state, as the federal establishment suggests.

And if sovereignty, then which party and movement best express the wishes of their voters? "If parliamentary elections were to be held tomorrow, which political party (movement) would you choose?" An entire 28.5 percent would elect Public Against Violence-For a Democratic Slovakia, whereas only 4.3 percent would give their vote to Gal's followers. It is often said that the Christian Democratic Movement (KDH) is the strongest movement in Slovakia, that it has the greatest support among the population. That is not true. Only 9.0 percent of those asked would give their vote to the KDH today—therefore almost the same percentage as to the Slovak National Party—8.6 percent.... But to the Party of the Democratic Left (KSS) as many as 9.7 percent. It seems that people are considerably disillusioned—at least that is the way it can be interpreted why 25.8 percent do not know or would not vote at all. The Democratic Party received 6.6 percent, Coexistence 3.6 percent, the

Greens would get 3.2 percent. According to all indications, elections at this time would greatly shake up to existing status quo.

Reason? Whom to believe? Which government, which parliament? The Federal Assembly is trusted by 12.2 percent, somewhat trusted by 45.2 percent of respondents. It is not trusted by 34.2 percent. The Slovak National Council is trusted by 18.8 percent, somewhat trusted by 58.6 percent. From another question it became clear that voters want the Slovak National Council to remain in its present composition until the end of the election term. People do not trust the Federal Government very much—three times as many of those questioned answered negatively than did positively.... Something that merits thinking about! Slovaks have the least trust in the Chancellery of the President, almost half of those questioned do not trust it. The situation is entirely different when we talk about the Slovak political establishment—the government is trusted by 40.7 percent (to compare: only 6.3 percent trust the Czech government....), the Slovak Matica by 33.7 percent, but 22.2 percent do not trust it. One other thing to mention about these data: The poll was conducted after the screenings in the Federal Assembly....

It is also open to question whether the Slovak Government did not receive its percentage of trust to some extent because of its prime minister. But judge for yourselves: 69.5 percent of those questioned trust V. Meciar (even after the split of the VPN), only 2.5 percent said—I used to trust him, but no more. Remarkable is the finding that after the crisis in the VPN the prime minister's position strengthened (according to this poll). I used to trust him, now I have my doubts—answered 8.4 percent, and I did not use to trust him, now I do—13.3 percent. Simple arithmetics will give tell us that he gained 5 percent of supporters.

Is this also connected with the issue of social programs for the citizens, which V. Meciar views differently than, let us say, the Federal Government? Obviously yes, because as many as 89.6 percent of those asked consider them very necessary. Only 1.1 percent considered them "somewhat unnecessary." But the results are less conclusive when we talk about opening the doors to foreign capital. It was considered "somewhat necessary" by 39.6 percent, "very necessary" by 27.4 percent, and 10.6 percent had no opinion....

Most of these results probably need no comment because they speak only too clearly for themselves. Most of all as it concerns the constitutional structure, where they are accusing us of separatism, while at the same time Prague does not like to hear the word sovereignty. It is therefore also clear that a referendum about preserving or abolishing the federation will not be necessary, unless, of course, we were to use it only as a means for blackmail. The problem lies in something entirely different. It was very clearly stated also by Prime Minister V. Meciar at the meeting of the Slovak National Council. Can it be argued that people did not understand his words? And

one more thing: even parties and movements that showed strength in the elections should begin to ponder what will happen in the next elections, how they intend to continue pushing their policies, behind which do not stand the people but a small circle of political high-ups....

### **Economy Alleged One Source of Czech-Slovak Tension**

91CH0513A Prague REPORTER in Czech  
27 Mar 91 p 3

[Article by Milos Zeman: "Our Slovak Crisis"]

[Text] I did not vote for the jurisdiction law.... The reason was the rejection of my proposed amendment which would have had the text of the jurisdiction law include a prohibition of resource redistribution among both republics of the federation, in other words, the application of the principle that everyone could only live on whatever he earns. And what is more, I rather dread the notion as to what would happen if this proposal had been adopted and if today's unrest had then broken out in Slovakia. It could obviously be claimed that Zeman was the cause of the Bratislava storms with his proposal, leading to restricting the budgetary resources of the Slovak Republic as a result of its consequences. The fact that these storms are now occurring, however, is direct laboratory proof that the actual circumstances are quite different.

I am afraid that we are still not perceiving the economic core of our problem. I can only repeat that if cowardice is the response to blackmail, it leads only to greater blackmail and to subsequently greater cowardice. I believe that the only way this enchanted circle can be broken is for us to clearly identify two possible forms of economic arrangement for our federation. In the first case, the federation executes certain activities better or cheaper than the republics could do so. It is likely that we could get by with one reporter of the CTK News Agency, say, in Buenos Aires, and that each of the republics would thus save half of the expenses involved. The same is true of the foreign service in general, and to a considerable extent even of the Army and of all internal networks, irrespective of whether they are transportation networks, energy distribution networks, or information networks. Common activities further include, for example, a common ecologic policy because, to start with, nature does not respect state borders, or strategic planning, where it is also superfluous to make two estimates of developments in world markets or to study the integration intentions of European communities twice. I favor such a federation and will support it.

However, then there is the second case where certain overt or covert funds are established within the framework of the federation which are then competed for by both republics. I have nothing against the federation using its own accumulated reserves to provide support for a republic which, for example, has been hit by an extensive natural disaster. However, incompetence or

low efficiency are not natural disasters. Each republic has to adapt its level of consumption to its production capabilities, otherwise we would be returning to Janosik's economy which only caused us all to become poorer by taking from the rich and giving to the poor.

This is precisely where I see the risk of economic blackmail. It is not possible to endlessly lay claim to having the deficit of any and all republic budgets covered out of federal reserves, that is to say, actually from resources created by the other republic. Of course, it is possible for both republics to make loans to each other within the framework of friendly assistance and after overcoming some short-term adaptation difficulties. However, a loan must be repaid, it is not unrefundable, and, thus, differs from a gift. In other words, to the extent to which the economic foundation of the federation were to be based on the expectation of constant gifts, I do not see the general meaning of the federation. The distribution of jurisdictions makes sense, provided it leads to greater efficiency and to savings for both sides. Where this limitation is crossed, federal policy is only a synonym for a policy of subsidies and if we make efforts to rightfully eliminate subsidies for enterprises, then we should eliminate subsidies for the republics for the same reasons.

We must finally decide what kind of federation we really want and only then can we say yes or no to that federation. Of course, this holds true not only for the economic sphere. That which is—or is supposed to be—common to both republics includes even laws, a uniform legal code. If I am not mistaken, laws which prohibit the propagandizing of fascism continue to be valid in this country. In other words, if, no matter where, the collaborators of Hitler and the period of their government are celebrated, this is demonstrably a criminal act. If, for example, a gathering were to be held in Prague to glorify Hacha and Moravec [Emil Hacha was president of the Protectorate of Bohemia and Moravia during the Nazi occupation], I would demand that, at the very least, the organizers of the rally, if not its participants, be haled into court. The same must also be demanded with respect to the Bratislava rallies. A law which is not enforced is not a law. And the idea of a legal state does definitely not rest upon the overly cautious circumvention of existing laws, but rather in their hard enforcement.

This is also generally true of more recent laws. I see no reason why those people who in their time had violated the laws which were valid then and are valid today regarding the abuse of authority by a public official or laws governing theft of state property should not be criminally prosecuted, particularly since the statute of limitation has not expired. I have the feeling that Miloslav Stepan was not the only offender. If we truly want to avoid the frequently cowardly anticommunist hysteria and to reject the principle of collective guilt, then we must prosecute the actual specific offenders all the more forcefully.



In other words, I consider economic rationality, connected with consistent legality, to be a way which should prevent the outbreak of future crises rather than only being a tactical way for putting out fires. However, even here, we are somewhat short of an actual long-term strategy and, sometimes, we are even short on nerve. Even though my prognoses are frequently of a warning nature, I do not believe that our Slovak, Moravian-Silesian, or Czech crises would necessarily have to end in the breaking apart of the federation; they are more like challenges for us to organize our federation in a better way. I continue to believe in the rationality of the overwhelming majority of our citizens in both republics—something which already failed me once before in estimating the election results of the Communist Party. Only this wisdom should not be defenseless in the face of any kind of populists.

I do not feel that it would be appropriate today to present the question of the future of the federation in a referendum because this question can only be answered with honesty once the conditions of the federative arrangement are specified. If they were to ask me today whether I am for a federation which does not give anything to anyone without a reason, which is capable of using a hard hand to enforce jointly agreed-upon laws, and which knows how to multiply the growth potential of its two or three parts, I would answer: YES. If they were to ask me whether I favor a blackmailing federation, which is tolerated more out of a sense of goodwill and which is afraid to assert the clear rules of the game, I would answer amiably, but resolutely: NO.

### Historian on First World Congress of Ruthenians

91CH0512A Bratislava SMENA in Slovak  
29 Mar 91 p 5

[Interview with Paul Robert Magocsi, Slavic languages and history professor in Toronto and president of the Carpatho-Rusyn Research Center in the United States, by Eva Cobejova in Medzilaborce; date not given: "Ruthenians Are No Longer in Parentheses"]

[Text] The Communists found all kinds of people inconvenient—kulaks, bourgeois nationalists, Zionists, democrats, Uniates, small businessmen...and Ruthenians as well. Ruthenians did not fit into the Communists' strange national categories, and so they simply cancelled them. They made them into Ukrainians. And then for 45 years it was maintained and scientifically documented that Ruthenians are part of the Ukrainian nation, and therefore must use the Ukrainian language and belong to the Orthodox Church. Some Ruthenians acceded to this game, some became resigned, some allowed themselves to be convinced (after all, the history of this region is so complicated that it can be used to prove or disprove almost anything). A great number of them preferred to choose Slovak nationality. Officially Ruthenians did not exist until 1968, when a kind of hybrid "Ukrainian (Ruthenian)" nationality appeared in the new constitutional law. The "Ruthenian" always had to be in second

place, in parentheses. The Ukrainian minority otherwise had no cause for complaint: it had Ukrainian schools, newspapers, books, radio broadcasts, theatre, museum, people's ensemble. Money was not spared for the benefit of the Ukrainian nationality. And precisely because of these advantages given for ideological reasons, and also because people, particularly from Eastern Slovakia, did not forget how artificially the original Ukrainian minority was expanded, Ukrainians did not enjoy a great respect. How untenable the "Ukrainian doctrine" was became evident very soon after November 1989. The official Cultural Association of Ukrainian Workers all of a sudden became the Association of Ukrainians and Ruthenians in Czecho-Slovakia, the former Ukrainian National Theatre in Presov embraced the Ruthenian traditions, in the last census Ruthenian nationality appeared already without parentheses, and an organization called Ruthenian Revival came into being. And it was precisely this organization that succeeded in organizing a unique event last weekend in Medzilaborce—the First World Congress of Ruthenians. They invited representatives of Ruthenians from all the countries where they live: from Poland, where they call themselves Lemkovs; from Yugoslavia, where they are called Rusnacs; from the Ukraine, that is, mainly from the former Subcarpathian Ruthenia, and from America, where a large number of Ruthenian emigres live. At the congress they established an interregional committee from representatives of all Ruthenian organizations, and agreed that they will meet every two years at similar congresses.

Among the guests at the First World Congress of Ruthenians was Professor Paul Robert Magocsi, Chairman of the Department of Slavic Languages and History in Toronto and also President of the Carpatho-Rusyn Research Center. Professor Magocsi's ancestors were Ruthenian and his wife is from Slovakia. Ruthenians hold his scientific work in great esteem and treat him with proper respect. Immediately after the conclusion of the congress, when applause still echoed in the Medzilaborce Congress Hall, I asked Professor Magocsi for an interview.

[Cobejova] Can you describe now, just minutes after the end of the congress, your immediate impressions of the past two days?

[Magocsi] My impression of the First Congress of Ruthenians is positive. After half a century, Ruthenians from various parts of Europe and America were able to meet, talk together, and agree on cooperation in developing Ruthenian culture. I shall cite just one example: Until last year, Ruthenians (Lemkovs) in Poland did not know that there are Ruthenians living in Yugoslavia. The barriers which had been erected between us during the past years have separated us for a long time. Now at last we have the opportunity to get acquainted among ourselves, and moreover—which was also the goal of our congress—to realize that we have common problems. We can discuss them among ourselves and together strive to help our people. Because assimilation still

threatens us from every side: Slovakization, Polonization, Ukrainization.... Only if we get to know each other and cooperate do we have a chance to stop this process.

[Cobejova] You are a great authority in the eyes of the Ruthenians. Do you realize that in that sense you also have a political responsibility for their actions in these days of nationalist turbulence?

[Magocsi] No, I have no political responsibility. I am only a simple university professor, I am not involved in politics at all. In the United States we have our own Carpatho-Rusyn Research Center, which is not a political but purely a scientific and cultural organization. Even according to law it can only engage in scientific and cultural work—that we can and want to do. Politics is for others, and it seems to me that Ruthenians do not need politics now at all, they need cultural work. I am a scientist and for me scientific work is the most important.

[Cobejova] I beg to differ: you see the Ruthenian issue as a cultural problem, but in the Central European region, particularly in Subcarpathian Ruthenia, from which the greatest number of delegates came to the congress, the nationalist issue is now also a political issue...

[Magocsi] I do not know why it should be a political problem in the Ukraine. The situation in the Soviet Union is changing, and even there people will have the opportunity to say what they want. A political problem would arise if the Ruthenians there demanded to change the status of Carpatho-Ukraine, the former Ruthenia. No such demands were heard at our congress, except for one contribution to a discussion in which a delegate from Carpatho-Ukraine demanded that the frontiers be restored to what they were before 1939. But his speech shocked even the delegates from Carpatho-Ukraine itself. It was the only contribution in this respect—and the discussion was joined by 50 or 60 delegates. Therefore nobody can insist that it was a typical issue at this congress. Absolutely not! Personally, I do not think that this is what the Ruthenians in Carpatho-Ukraine want. And finally, we are not after a change in the political situation or frontiers, our concern is that Ruthenians have their own schools and cultural organizations.

[Cobejova] You have devoted years to the study of Ruthenian problems. Can you explain to us what the Ruthenian specifics are, how they differ from other nations.

[Magocsi] I must add that my work does not involve only Ruthenians but also Ukrainian history, about which I write mainly for fellow countrymen living in America. What are the Ruthenian specifics? I would put it briefly like this: They are Eastern Slavs who have been living for about 1,000 years in the Danube Basin at the dividing line between two great spheres: eastern and western—and Ruthenians influenced both. Their geographic position separates them from other Eastern Slavs, but by their Eastern (religious) rites they also differ from

Western Slavs and Hungarians. Even when they live in Central Europe they have distinct Eastern Slavic traits.

[Cobejova] You have been coming to Slovakia since the sixties, and so you have been able to follow the developments among Ruthenians on our territory. In your opinion, do the Ruthenians in Slovakia, after years of suppression of their national consciousness, have prospects for the future?

[Magocsi] Ruthenians prospects in Czecho-Slovakia are at this time the best since I have been coming here. Not only Ruthenians, but all of you today have the opportunity to express yourselves freely, discuss and make the kind of policies you want—you do not have to look right or left. Not only the Ruthenians' prospects, but also those of the Slovaks, Czechs or Hungarians on this territory are better now than at any time previously.

[Cobejova] Were you not surprised how even during the congress relations between the Ruthenians and Ukrainians became strained?

[Magocsi] The state of relations between Ruthenians and Ukrainians did not surprise me at all, after all, I have written a great deal about them. I think that people on both sides are much too emotional. Both sides must understand that they are not enemies and must treat each other with mutual respect: Listen to each other and not use rough words.... Actually, fewer words and more action. Everybody has the right to his own opinion, and the best answer in an argument should not be a shouted: "Be quiet!," but, for example, a new published novel, a newly learned drama, studies, grammar. There is no time for useless quarrels.... That leads nowhere.

[Cobejova] What then surprised you about the First World Congress of Ruthenians—in spite of the fact that you know them so well?

[Magocsi] That so many people came (I am guessing at 400 participants), that everything was so well organized; I was surprised that Ruthenian was spoken everywhere—even if people spoke their own version of it. People were glad to be able to talk freely—frankly. I was so glad to see how happy they were.

[Cobejova] Do you still feel yourself to be a Ruthenian?

[Magocsi] I am a typical American. Every American has his roots somewhere else, and when somebody asks me about it, I always answer: I am an American of Ruthenian origin.

**Report on Nationalist Demonstration in Bratislava**  
*91CH0515A Prague OBRANA LIDU in Czech 6 Apr 91*  
*pp 1, 3*

[Article by Vladimir Marek: "Slovakia in Turmoil"]

[Text] Bratislava that day was sunny and warm. Boys were playing soccer in a small open space in front of a

school. Several mothers with baby carriages were sunning themselves on benches nearby. Everything seemed totally peaceful. Nevertheless, several hundred meters away, on the Square of the Slovak National Uprising [SNP Square], the furnace was being stoked. It was 14 March 1991, and it was 52 years ago that the Slovak State was proclaimed. That in itself need not have meant anything special, but for the fact that lately the efforts to break up the federation have been intensifying, and that voices calling for an independent Slovakia have been growing stronger.

Czechs who suddenly found themselves in the center of the Slovak metropolis naturally had strange thoughts running through their heads. The chief editor of the student journal ECHO, Milan Zitny, speaks about preparations for a cryptocommunist coup. Many people are afraid of the emerging manifestations of fascism. There are also questions about where patriotism ends and nationalism begins. In the center of Bratislava in the meantime, everything is getting under way only at a slow pace. An elderly gentleman in a For a Free Slovakia Movement hat is approaching various groups of citizens who have gathered there. In a quiet, persuasive voice he asks them to sign a petition for an independent Slovakia. Three men in ties and long overcoats obviously do not agree with what he is doing. There is a discussion, but not a very long one, of course. The pensioner in the hat asks them calmly but firmly to leave. "Gentlemen, if you do not share our views, go away. Do not spoil things for us."

In the meantime, the bronze figures of the Slovak National Uprising monument are being transformed into a strange gallery of Dr. Jozef Tiso and the Slovak State. The long sidewall of the memorial, full of revolutionary slogans, has already been given a name—the wailing wall. Letters 20 centimeters high, proclaiming that those resolved to die rose against a fascist death, are slowly being inundated by the rolls of those who already signed. Those who no longer see any possibility of coexistence in a common state. The Slovak State is superimposed on the uprising. A strange paradox.

On the memorial, which serves as a temporary grandstand, stands the main presence of the day, Deputy to the Federal Assembly Stanislav Panis. The crowd greets him with vigorous applause. It seems that he has overshadowed Morica, his colleague in the parliament, once and for all.

Only the sound equipment reverberating through the square recalls the fact that as a bar drummer he liked to play in Soviet garrisons. Not even time has wiped the inscription—S. Panisa's Music Group—off the huge loudspeakers.

#### **Benes—Phooey; Tiso—Cheers**

From the loudspeakers is heard one of Jozef Tiso's last speeches. Practically at the same time dozens of his portraits are flying above the heads of the people. Groups of photographs of the former Slovak president

are interspersed with equally numerous flags of the Slovak State and banners: "Slovakia, Moravia, Silesia are not a spurious Czecho. KC VPN [Coordinating Center Public Against Violence] is committing a genocide of the Slovak nation. Down with the CSFR, let us govern ourselves. Slovak desert, consequence of Klaus' policy." The square is beginning to boil. Not only do we hear the repeated chant: "Independent Slovakia," but also—"Long live Tiso." As the other side of the coin, we hear: "Masaryk and Benes—phooey, shame on them."

Obviously in this case a mistake was made, something was neglected. Discussions about Dr. Tiso started already a year ago. However, the need for a truly objective historical evaluation of this figure is still only being talked about. But under these circumstances, the paragraph condemning the promotion of fascism becomes unnecessary. At the same instant something else comes to my mind: I can debate the role and significance of one nation's politician, but that does not mean that I shall vilify the president of the other. My neighbor in the crowd, however, clarifies this problem for me in his own way: "What do you do when your house is burning down around you? Do you leave your children there and run away? Probably not. In 1939 Tiso stayed with us, he took care of us. Benes ran away." I am thinking about the 9 million Czechs whom Benes did not take with him to London. And behind me I hear: "He was actually a murderer, he was responsible for Lidice."

But now from the direction of the grandstand one can hear a song with unique words: "Mister Havel, do not take our Tiso from us, he could not help that he loved Slovakia, we shall not sell him for a bowl of noodles..." Deputy Panis speaks again. The talk is about 14 March as the most important day of the Slovak nation. Sharp words of criticism are directed at Prague, the federal establishment, the Castle. Being judged here all from a single bench are politics, economics, ecology, foreign relations... "Why did you send a unit to the Persian Gulf, why doesn't Havel go back to writing since he is a playwright? For years they have been taking advantage of us, we do not want to work for the Czechs any more." The crowd chants: "Enough of Havel, enough of Prague!" And then: "Circus Prague".

#### **Demonstration Against a Demonstration**

In the meantime, a profederation demonstration got under way on the Vajansky Embankment. The first glance tells you that people here are more reasonable, more cultivated. Intelligentsia definitely predominates. Here they are warning about the danger of breaking up the common state and the equally great danger posed by the manifestations of fascism that are struggling to come into the open.

All of a sudden people begin to move. "He arrived, he is here," several of them call out. And immediately following there is a vigorous chant of "Long live Havel!" The president and his entourage really appear unexpectedly on the Vajansky Embankment. Later we learn that it

was unplanned. He had one free hour left and so he wanted to see with his own eyes what is actually happening in Bratislava. At first it seems that he is walking toward the platform, as if he wanted to speak. But then he exchanges a few words with Frantisek Midloska. He turns quickly into one of the side streets.

The direction in which he walks also indicates where he is going. In spite of that we cannot believe that the president with his entourage would be going to SNP Square. We came a few moments ago from that seething cauldron, and we know very well what kind of atmosphere prevails there. And on top of that, about 300 people are following and cheering the president. The chant can be heard on SNP Square a few seconds before we get there and has its effect. The president's entourage almost immediately turns left. He intends to walk around the square close to the walls of the buildings. But the human avalanche starts moving. Someone shouts the word "provocateur" and people immediately take it up. People are chanting: "Provocateur Havel. Enough of Havel. Enough of Prague. Jew, Jew!!!" The crowd is working itself up. The security guards have their hands full trying to prevent immediate attacks on the president. Those who only a few moments ago were chanting "Long live Havel" are silenced. The more numerous camp of their adversaries drowns them out with a roar of "Judases!"

The president is pressed against a shipment of goods in front of one of the stores and is practically surrounded. It seems that the situation did not surprise him; he is looking the most enraged people straight in the eye. One of those who are pressing closest to him asks him if he is really a Jew. But already the fury of the crowd intensifies. A group of 17-year-olds are stretching their arms above our heads and are trying to strike the president at least with the flagpoles. Some media later reported that they were "skinheads" and representatives of other "hair-do" groups. That was not true at all. On the other hand, there is the fact that we would obviously find similar youths in any soccer stadium. But, of course, also among the most ardent shouters is an old woman, at least 70 years old, who is literally climbing up our backs. She is shaking her gnarled fist and with the last of her strength wheezes: "Beat the Jews!" A foam of saliva forms around her mouth. From somewhere a tall, thin youth is pushing his way through the pandemonium that threatens to trample people to death. He, too, stretches his long, thin arms and cries with all the strength he can muster: "Stop, stop. I am a Jew. They tortured my grandfather to death...." The people around him do not hesitate for too long. He is hit right in his solar plexus.

#### That Will Never Happen

At last the red 613 car works its way toward the president. The security guards are trying to persuade him that he should get in. But Vaclav Havel refuses. If he was not afraid of prisons, he obviously is not afraid now either. But where were all these people when he let himself be put in prison? Perhaps only so that they, too, could today

freely express their views. At last the local police also wakes up. The 613 makes a path through the crowd. The president's entourage continues on its way to the Slovak National Council building where their cars are parked. Vaclav Havel manages to get into his car without any great difficulty. But the hood of the shining Audi that follows is struck by the fist of a roughly 50-year-old man. He strikes two more times and leaves visible dents on the car. The crowd freezes for a moment, but not for long, of course. Aggression is like a contagious virus. People kick the door, bang on the windows and the hoods of the cars. The president's advisers have a difficult time getting into their cars. We see a sweating Krizan, a rumpled Zantovsky and Kantor. "You pigs, you are gorging yourselves in the Castle, ride in cars, and we Slovaks must work for you!" screams a man next to us.

Suddenly we realize that when in January last year the advisers came to the Castle, somehow in the rush of things the nationalist question was forgotten. Czechs are definitely in the majority among them. Only now an Office of the CSFR President is being established in Bratislava. Its chief is Miroslav Kusy. That name is easily remembered. A moment ago people in the square were chanting: "Kusy is strangling the nation." That was during the demonstration, but even before that we never heard much praise addressed at the Slovak representatives in the federal agencies and the Castle. They say that Calfa is not a Slovak, after all, only recently he was still speaking Czech. One is a Hungarian, another one a lackey, and another one a traitor. There are only two possible explanations: Either representatives who do not enjoy great popularity in Slovakia are chosen for the federal agencies, or they lose popularity the moment they start working for the Federal Government.

The prev escaped. The convoy of presidential cars disappeared around the first corner. Our aggressive Slovak paces around like a caged tiger, he obviously has nothing on which to vent his spleen. "Where are you now, you Jews, come here," he yells at all and sundry. One sentence spoken in Czech suffices and he approaches me immediately. He goes after my throat. "You Czech pig, what are you doing here. In the future you will have to have a visa to come here."

#### Younger Brother in the Army

In the meantime, on the grandstand Major Bosansky is reciting a poem about an older brother who wants to keep giving advice, but whom the Slovaks do not need. The terminology used here is 50 years old. "We shall not allow Czech officers and soldiers to be stationed on Slovak territory. We have enough of our own sons." Several bored youths are lounging next to us. One of them sees in the evening dusk a procession roughly 300 meters away: "Look, Havel's followers. Let's get them." Obviously, he really thinks that he is at a soccer match and wants to have a showdown. Gradually about 200 young men peel off from the demonstrating crowd. We go with them. From the distance we still hear the voice of the moderator. He jokes: "We thank Vaclav Havel for



the performance he gave here." Deputy Panis also joins in. He proposes that 14 March be proclaimed a state holiday and that the Square of Slovak National Uprising be renamed Andrej Hlinka Square.

"I told you we should have steered clear of the square" whispers an elderly teacher to her colleague just as a group of rowdies rushes up to them, chanting: "Slovak State!" But the youth are straining their vocal cords in vain. The people from Vajansky Embankment are calmly explaining to them: "Boys, do not make trouble, go home. None of you knows what that Slovak State really was like." Nothing special takes place that evening any more. That is, apart from the fact that this thousand-strong delegation of all the decent Slovaks will go to Bratislava Castle to apologize to the president and give him a bouquet of flowers. And by 2230, Bratislava is already sleeping the sleep of the just.

#### Arguments Carry No Weight

The next day is perfectly calm, as if nothing had happened. Only on the SNP Square a lone student is carrying on a discussion with a small group of people. He talks about last evening, about the future structure of the republic. What happened to the president is a disgrace. But why did he come here? The supporters of an independent Slovakia are a majority here as well. The young man nevertheless struggles doggedly on. We cannot help ourselves, we must come to his assistance.

"Why is meat cheaper in Bohemia, why do people there earn more, why did Klaus order a 40-percent tax to be paid on Trnava's 1203 trucks when [the tax on] Avia [trucks] is zero? Why should we work for you, why should you cost us 20 billion korunas? Why, why? Why? We, too, could ask why so far the redistribution of the budget has not been publicized in a truly clear and explicit way. But it would be useless. It is difficult to explain anything, arguments have no effect. These are simple people who are gathered around us, a driver, a blue collar worker, a saleswoman. None of them wants to listen to the advice of the "older brother," they do not want to be told to worry about what Europe will think about them.

An elderly woman strokes my hand. "It is good that you were not afraid to speak Czech. We have nothing against the Czechs, we want to live together with them, by their side. We only demand justice." But where are the boundaries of justice, where are the boundaries of truth? Those who insist that the silent majority will decide are certainly right. And that majority is for a common state. At the same time, however, we must differ with those who tell you at the the drop of a hat that nothing is actually happening, that in two weeks' time everything will quiet down. In two weeks there will certainly be more unemployed, maybe prices will be higher. And all around us the national and the social are clearly being comingled and connected. We feel something of a chill down our spine when we remember yesterday's call "Down with the Jews!"

## HUNGARY

### Hungarian, Swiss Justice Ministers Hold Talks

LD0905193991 Budapest MTI in English 1818 GMT  
9 May 91

[Text] Budapest, 9 May (MTI)—Hungarian Minister of Justice Istvan Balsai and Head of the Swiss Federal Department of Justice and Police Arnold Koller put each other in the picture about issues of legislation and jurisdiction in the course of talks held in Budapest on Thursday.

Balsai spoke about the restructuring of ownership relations and the importance of the privatization process in Hungary. He said that nearly 10 percent of state assets had been privatized so far and the government had the intention of upping that proportion to 70 percent by the end of its term.

Switzerland had been pleased to see the changes in Hungary, Koller said. He spoke appreciatively of Hungary's efforts towards a peaceful transition in the field of jurisdiction. He also called attention to the great experience of Switzerland in minority issues and warned of the difficulties in creating the regulations necessary for the integration into the EC.

### Antall Interviewed on Upcoming Israel Visit

LD1005194491 Budapest Domestic Service  
in Hungarian 1630 GMT 10 May 91

[Interview with Jozsef Antall, the Hungarian prime minister, by radio correspondent Gabor Kereszti; place and date not given]

[Excerpts] On 13 May, Jozsef Antall will travel to Israel. He is the first Hungarian prime minister in history to travel to Israel. Now you can hear the full interview Jozsef Antall gave to my colleague Gabor Kereszti.

[Kereszti] Beyond the protocol part, what specific results can this visit bring? I understand that several agreements have been prepared.

[Antall] That is right. An agreement eliminating dual taxation, an investment protection agreement, and a technical-scientific agreement are to be signed. This means that we want to facilitate investment possibilities and mutual economic cooperation between Hungary and Israel. As is known, Israel is a country of developed technology, thus, it might also be favorable for Hungary.

[Kereszti] As you have mentioned investment possibilities, does it have anything to do with the fact that Finance Minister Mihaly Kupa will be the only minister travelling with you?

[Antall] Mihaly Kupa will travel as finance minister with two other state secretaries, Janos Martonyi of the Ministry of International Economic Relations, and Elemer



Bisszerszki of the Ministry of Culture and Public Education. The significance or meaning of this is that such economic talks will take place where his presence as finance minister as well as leader of the Economic Cabinet is important, and so, of course, is the presence of the two state secretaries.

[Kereszti] In your opinion, can the development of Hungarian-Israeli relations help to ease the tension which the Jewish issue at home has been causing?

[Antall] I do not think it is right to speak about some special Jewish issue in Hungary. Of course, from this point of view the maintenance of good relations between Israel and Hungary is also necessary in order that no such problem can arise. It should not be forgotten that in Europe, between France and the Soviet Union, the biggest Jewish community lives just in Hungary, and the only rabbi training institute east of Paris operates here. The Hungarian Government and Hungary are mutually responsible for guaranteeing appropriate rights protection, equal rights and minority rights for all those who want to live as members of the Jewish community. This simultaneously puts identical responsibility on the Jewry of Hungary and the Jewry in general, in order that they be aware of the significance that no Jewish issues exist in Hungary.

[Kereszti] However, many political analysts believe that there are extremist manifestations of an anti-Semitic character in your party. Do you not think this may endanger the development of diplomatic relations?

[Antall] I do not agree that such manifestations, such trends exist in my party, the Hungarian Democratic Forum. I have not heard anything similar at any leadership meeting of the MDF [Hungarian Democratic Forum] I have taken part in so far. However, I know that the MDF was one of the initiators of the Hungarian parliament's stance regarding the persecution of Jews in 1989. Further, it was namely the MDF which took plenty of steps, measures, and initiatives with regard to the restoration of Jewish cemeteries and other actions. Apart from that, already during the opposition period, we supported the emigration of Soviet Jews on behalf of the MDF. Thus, I find that these remarks and these presentations suggest that the MDF could be classified as a political party which is particularly prejudicial and, which I can quietly say, are false.

[Kereszti] To my knowledge, during your upcoming visit you are going to unveil a plaque at one of the shrines to commemorate your father.

[Antall] Well, it is not going to be me who will unveil this, but I will be present at the memorial service. [passage omitted]

[Kereszti] Since the Gulf war, the settlement of the Middle East question is again on the agenda. America and Europe are reevaluating their relations, linking them to the Palestine Liberation Organization. What is the Hungarian stance on this question?

[Antall] We formulated the stance before the Gulf war that a comprehensive security system has to be developed in the Middle East. We fully agree with all those endeavors which regard the development of such a comprehensive security system. Naturally, part of this is the Arab acknowledgement of the existence of the Israeli state, and on the other side there is the settlement of the Palestine refugee question. Regarding the question of the European foreign representations of the Palestine Liberation Front, they are operating in various diplomatic ways. This can partly be handled on the basis of how the organization going to be judged in connection with the Middle East settlement. This, obviously bears reference to the behavior of this organization regarding Iraq and the other countries. On the other hand, the Palestinians have achieved the highest diplomatic status in the former socialist countries and we will evaluate this together in accordance with these countries.

### Local Government Law: Conflicting Provisions

91CH0534A Budapest FIGYELŐ in Hungarian  
28 Mar 91 p 19

[Article by Dr. Gabor Kiss under the rubric "Economic Law": "Enterprises Owned by Autonomous Local Governmental Bodies: Questions Concerning Regulations"]

[Text] Law No. 65 of 1990 concerning autonomous local governmental bodies [hereinafter: local government] raised a number of issues related to the financial management of local governments. These are supposed to be resolved in the framework of separate legislation after the effective date of Law No. 65. For this reason, the legislative proposal which provides for the functions and authority of local governments and their respective organizations, of county commissioners and of organizations under central direction, and the proposed legislation concerning the transfer of certain state property to local government ownership should outline a uniform concept for the legal status of local government enterprises, and the authority of local governments in their capacity as property managers.

To accomplish this, however, a number of contradictions presently contained in these legislative proposals should be resolved prior to their enactment. Paragraph 107, Section 1 Subsection (d) of the local government law provides that the assets of state enterprises established and supervised by councils to operate as public works will be transferred from state ownership to local government ownership. As a result of this provision, the law essentially established a new type of enterprise without defining the external and internal conditions for this new organizational and legal structure.

Prior to the effective date of the local government law, the authority to establish enterprises rested with persons and organizations (ministers, heads of organizations of a national scope, councils, etc.) enumerated in Paragraph 7 Section 1 of Law No. 6 of 1977 as amended a number of times, and with organizations (national-level interest

groups of cooperatives, social organizations, associations) enumerated in Paragraph 70 Section (1) of the Civil Code of Laws.

The internal relationships and the legal relationship between the enterprise and the founding organization which exercises the founder's rights were governed by the enterprise law, while the legal relationship between individual legal entities and enterprises established by such entities was defined in Chapter 6 Section 9 of the Civil Code of Laws. Based on the character of the founding organization, provisions governing the two types of enterprises differ in a number of respects. One of the fundamental reasons for these differences is the fact that the enterprises established by individual legal entities were also able to own the starting capital provided for the performance of the enterprise's functions, while state enterprises qualify only as managers with respect to state property, and the state remained the actual owner.

Since local governments are not regarded as organizations of the state, neither the rules pertaining to state enterprises nor the provisions governing the enterprises established by individual legal entities apply to local government enterprises. Thus, two fundamental groups of issues need to be resolved as soon as possible and spelled out in terms of law: (1) the external legal relationship between local governments and their enterprises, and (2) the legal status of property entrusted to a local government enterprise.

#### **(1) The Legal Relationship Between Local Governments and the Enterprises Under Their Supervision.**

The legislative proposal which provides for the functions and authority of local governments and their respective organizations, of county commissioners and of organizations under central direction attempts to resolve these issues. Paragraph 50 Section (1) of the legislative proposal would amend Paragraph 70 Section (1) of the Civil Code of Laws so that local governmental bodies would be included among the "individual legal entities." According to this provision, once this legislative proposal is enacted into law and after the effective date of such law, the method of founding a local government enterprise and the relationship between the founding local government and the enterprise would be governed by the provisions of Paragraphs 70-73 of the Civil Code of Laws, if a local government decides to establish an enterprise. The trouble with this solution is that it resolves only part of the problem, it is not consistent with the provisions of the local government law, and that it is not certain whether this solution could be regarded as fortunate.

The solution is only partial, because it does not state what rules apply to already operating enterprises which were transferred into the ownership or under the supervision of local governments based on determinations made by property transfer committees.

The solution is inconsistent with provisions of the local government law because as a result of this solution it will

be impossible or difficult to interpret several provisions of the local government law. Paragraph 9 Section (4) of the local government law assigns the function of establishing local government public service institutions, enterprises, and other organizations to local representative bodies. The wording of the law suggests that the right of local governments to establish local government enterprises is not a general right, but is limited to the establishment of public service enterprises. Regarding other entrepreneurial activities, local governments may only establish firms. This interpretation of the law is supported by Paragraph 80 Section (3) of the local government law, which provides that local governments may take part in entrepreneurial activities in which their responsibility does not exceed the ratio of their contribution of assets. On the other hand, individual legal entities guarantee the obligations incurred by the enterprises that they established. (Civil Code of Laws Paragraph 72 Section (3))

Paragraph 89 Section (1) of the local government law states that a local government must not withdraw the revenues of its institution. In principle, this provision also applies to local government enterprises, since Paragraph 9 Section (4) provides that the institutions and enterprises shall jointly be regarded as local government institutions for purposes of subsequent provisions of the law. However, this provision is inconsistent with the founding organization's right provided in Paragraph 72 Section (2) of the Civil Code of Laws which authorizes founders to obtain their share of profits that remains after an enterprise satisfied its obligations vis-a-vis the state budget.

Finally, the solution cannot be regarded as fortunate, because legal provisions governing the relationship between individual legal entities and the enterprises they established do not provide for the peculiar features of functional relationships between local governments and their enterprises.

Paragraph 107, Section (1) Subsection (b) of the local government law provides that public service enterprises which satisfy local public needs would be transferred to the ownership of local governments. Considering their activities, public service enterprises enjoy a special situation also in the framework of the enterprise law. Unlike in regard to other enterprises, the founding organization may prescribe an obligation to deliver services to public service enterprises. The prohibition to regroup resources and the limitation on providing direction cannot be applied to public service enterprises. Still, these provisions are not mentioned in Chapter 6 of the Civil Code of Laws, and thus, the founder's rights enjoyed by local governments would be constrained to an unwarranted extent under the proposed solution.

#### **(2) The Legal Status of Property Entrusted to a Local Government Enterprise.**

State enterprises have management rights over state property entrusted to them. According to legal provisions now in force, state property managers possess the

authority of owners. It is appropriate to ask what kind of authority local government enterprises have relative to assets they materially benefit from or operate. Considering the local government law one must start out with the understanding that real property managed by public service enterprises under the supervision of councils, public utilities operated by the enterprises, and other property owned by the enterprises will be transferred into local government ownership. Relative to such property, the legislative proposal concerning the rights of public service enterprises and the transfer of certain state property into the ownership of local governments provides that the local government shall entrust to the public service enterprise the property placed into the ownership of the local government, and needed for the operation of the public service enterprise. Unless otherwise provided for by law, public service enterprises could manage such property pursuant to legal provisions applicable to state enterprises. But the legislative proposal fails to clarify whether this quasi management right applies to all property, including real property and public service facilities, or only to other operating capital, fixed assets and funds required for normal business management.

A narrower construction of the management right concept also reveals certain accounting and record keeping problems, because in this case the real property and the public works facilities are not part of the enterprise's assets according to the balance sheet. Thus, the provision of Paragraph 23 Section (3) of the legislative proposal should also be interpreted to refer only to other fixed assets, operating capital and funds. The referenced provision states that a local government may withdraw the assets entrusted to the public service enterprise only if the public service enterprise ceases to exist, or if it is reorganized. In the event that the assets are withdrawn, the local government acts as a guarantor for all the indebtedness that exists at the time of withdrawal, to an extent not exceeding the value of such assets. Under this interpretation, the prohibition to withdraw resources does not extend to real property and to public service facilities in regard to which the enterprise enjoys only user rights.

#### **Sales of Major Newspapers in Counties Surveyed**

91CH0455A Budapest *MAGYAR NEMZET*  
in Hungarian 4 Mar 91 p 5

[Article by (halasz), (p.n.), and (ergi): "Fewer People Subscribe to National Daily Papers"—first paragraph is *MAGYAR NEMZET* introduction]

[Text] Many people say that the almost constant increase in the prices of national daily papers has created a new situation in the paper market that was already confused to begin with. As the county papers cost two or three forints less, the central daily papers seem to be at a disadvantage. There are signs that real competition on the press market is becoming more and more intense.

Four of our county correspondents have sent in reports on the current state of the competition for readers.

#### **Szeged: The Papers Are Being Stolen**

Many of my acquaintances complain that their daily papers are stolen. Those who live in the Szeged housing complex say that in the morning, as they go to work, they still see their papers in their mail boxes, but they are gone by the afternoon. Someone has taken them, and one can only guess whether it was the next-door neighbor who wanted to save money or children who wanted to play tricks on the subscriber. The latter case is more probable because the mailmen say that several next-door neighbors subscribe to papers jointly, passing them on to each other after having read them. This applies not only to housing complexes but also to the green belt's more affluent private homeowners. Everyone is saving wherever possible. Competition has increased on the press market, too.

Next to Budapest, Szeged has the largest concentration of intellectuals, thus, one can obtain representative data about reading habits by closely examining the post office's business. All central daily papers have lost subscribers, with two exceptions: the morning *KURIR* and the *MAI LAP*, both of which are spectacularly thriving. The morning *KURIR*'s sudden popularity is especially noteworthy. The paper, started last summer, was selling in Szeged (1,266) as well as the *MAGYAR HIRLAP* (1,262) by December, for instance. The established papers were not selling much better. Last December, the *MAGYAR NEMZET* sold 1,491, the *NEPSZABADSAG* sold 2,636, and the *NEPSZAVA* sold 1,064 copies daily in Szeged. (The Post Office has not yet processed the more recent data.) The circulation of the central media decreased by 1-5 percent as compared to the situation in January of last year. The weekly papers are experiencing a much greater decrease, with only the exception of the *REFORM* and the *TVR HETI*. It seems that reading weekly papers is becoming a luxury, and this is confirmed by the rapid collapse of a few high-quality weekly papers.

Despite the fact that more and more people's billfolds are getting thinner, they continue to hold on to the local papers they are used to, almost to the last penny. The local media's share of Szeged's press pie is about four-fifths. The *DELMAGYARORSZAG*, the *DELVILAG* and the *SZEGEDI NAPLO* sold almost 45,000 copies last December while all the central daily papers combined sold less than 10,000 copies. The fact that the local papers cost 3-5 forints less than their Budapest counterparts is not the only reason for their popularity; they also provide services (obituaries, births, marriages, local business news) central papers cannot offer. Thus, enthusiasm for starting new papers is increasing month by month in the cities of Csongrad County. The inception of two papers is being planned in Hodmezovasarhely, and associations [as published] formed by local entrepreneurs will use a 20-million-forint capital stock to start a new newspaper in the near future.

Papers are stolen not only from mail boxes but also from newsstands. Only the sex magazines are being taken from the newsstands when broken in during the night. Mainly foreign tourists are suspected, because these magazines can be sold in Romania and Bulgaria for high profit. (halasz)

#### **Debrecen: The Increase Is Deceiving**

In Debrecen, the number of subscribers to national daily papers increased from 6,283 in February to 6,306 in March. But this increase is deceiving because the number of subscriptions to the national daily papers decreased by about 8 percent in January and by about an additional 2-3 percent in February as compared to December 1990. In March, many more people subscribed to the NEPSZABADSAG and MAGYAR HIRLAP than in February. However, raising the price of the MAGYAR NEMZET already shows its effect because a few Debreceners have already cancelled their subscriptions.

In order to keep the readership, the Debrecen Post Office Directorate will transfer its authority for distributing and selling to the county newspaper sales establishment as of 1 April. The newspaper sales establishment will separate itself from the Post Office Directorate both financially and organizationally, but will do the work on the basis of the latter's commission. The new establishment would like to supply not only Debrecen, but the entire county with newspapers. From now on, the papers' shipment, distribution, forwarding, as well as reader surveys will be carried out by the county newspaper sales establishment. Its newspaper department reckons with the fact that it is rather difficult to increase the number of subscribers in the present economic situation and, for this reason, it will increase the number of newspapers delivered to the newsstands. (p.n.)

#### **Szolnok: They Are Not Expecting a Miracle**

In Jasz-Nagykun-Szolnok County, too, the number of subscribers, but not the number of readers, has dropped. The UJ NEPLAP's monopoly in Jasz-Nagykun-Szolnok County is not being undermined by the increasing number of competing local papers and the national daily papers. The county daily paper has 40,000-42,000 subscribers, more than twice as many as the total number of subscribers to the traditional national daily papers.

Competition is more intense at the newsstands. Here, the county paper, with its 8,000-10,000 copies, does not have such a lead!

It is the number of subscriptions that the increase of the papers' price and the thinning of billfolds tend to decimate. Since the end of last year, each one of the traditional morning dailies has lost 300-600 subscriptions. Most people cancelled their NEPSZABADSAG subscriptions, while the least number of people cancelled their MAGYAR HIRLAP subscriptions. Still, the NEPSZABADSAG, with its 12,500 subscribers in Jasz-Nagykun-Szolnok County, still leads by a mile, of course.

The NEPSZAVA has more than 3,000, the MAGYAR HIRLAP has 1,600, and the MAGYAR NEMZET has 1,400 subscribers. The order is different at the newsstands, here the NEPSZABADSAG is followed by the MAGYAR HIRLAP, but the MAGYAR NEMZET comes before the NEPSZAVA.

The decreasing number of subscribers does not mean at all that the number of readers is also decreasing! More and more people are becoming occasional and selective buyers.

The tabloids are also slowly taking away a considerable part of the readership. The KURIR is the number one tabloid of daily buyers.

Publisher's efforts are most apparent in the case of the PESTI HIRLAP. The publisher sees to it that it is delivered to every town and to every newsstand. With this, interest in it is still alive for the time being.

Just as a good wine needs a trademark, so does a good paper, i.e., well-designed advertisements understandably greatly boost the number of copies sold.

The Post Office's newspaper distributors are unanimous in stating that their task is immense. Newsstands are too small, bigger ones and more of them are needed, especially in the cities. However, in recent times the Post Office has set up only one new newsstand in Tiszafured and one in Martfu in all of Jasz-Nagykun-Szolnok County.

In accordance with its long-term plans, the Post Office's primary intent is to have guaranteed business, i.e., to maintain or perhaps to increase the number of subscriptions. The distributors say that after they pay for their maintenance and the workers' wages, newsstands are not profitable enough. Perhaps, if they would also sell the popular lottery tickets....

In order to improve distribution, or rather to speed up the flow of information, the city and country newspaper departments will be merged into a newspaper sales establishment in Szolnok. But they are not expecting a miracle from that either. (egri)

#### **Kecskemet: They Have Not Heard About Any Action in Distribution**

Selling newspapers through news boys has no tradition in the plain's towns. The news boy's status is considered to be even lower than that of the street sweeper. Perhaps only school children are willing to sell local papers on weekends, as is the case in Kecskemet, for instance. A few months ago, yellow-vested vendors working for a private distribution network also appeared there at street intersections, but disappeared soon after that. They could not sell enough papers to make a living.

In Bacs-Kiskun, the Post Office continues to have a monopoly in newspaper distribution, selling mostly at street newsstands and delivering the papers to the subscribers. If and when it delivers them. There are many



complaints, subscription papers frequently fail to arrive. Thus, given the choice, people prefer to walk to the newsstand on the main square.

There is more and more talk in the appropriate circles about reforming newspaper distribution, but practically nothing has changed. It is mostly the national daily papers that are affected by this standstill. In Bacs-Kiskun, fewer daily papers were bought in January than in December. Even though people are reluctant to give up their favorite paper. As I heard in the post office of one of the towns, people cancel their subscriptions when they hear of higher newspaper prices, and then reinstate their subscriptions after a few weeks because they miss their daily reading.

More and more people choose not to buy a paper every day, only once or twice a week. The most popular issues are those which include the weekly TV and radio programs. For instance, on an average day in Kecskemet, the MAGYAR NEMZET's circulation is about 500, while on Saturdays it increases by 200-300.

The national papers are becoming increasingly attractive and large but lose out to the country papers in the price competition. To some people, even those few forints by which the local papers cost less are important.

What is the Post Office doing to improve the distribution of the national daily papers? Evidently, the average buyer does not see any sign of effort. In smaller towns, where everyone knows everyone, the personal relationship between mailman and subscriber is important. Nothing has been heard lately about any organized action in distribution. As if the network was being kept working only by the force of inertia. As yet, feverish work to modernize newspaper distribution is being done only at the regional and county directorates, far away from the news stands. The other day a mailman I know, who also delivers papers, sighed: "The day will someday come when we will not only administer but also effectively distribute."

## POLAND

### Solidarity Chief on Union, Government Relations

91EP0404A Warsaw POLITYKA in Polish No 13,  
30 Mar 91 p 3

[Interview with Marian Krzaklewski, chairman of the Independent Self-Governing Trade Union, NSZZ, Solidarity, by Jagienka Wilczak; place and date not given: "Time To Start Normal Work"]

[Text] [Wilczak] How do you feel in Lech's chair? Do you feel at home in the leader's room?

[Krzaklewski] The chair at the desk is not Walesa's legendary chair which he received as a gift and took with him when he left. It is an ordinary chair that I use when working. The one in which I am sitting right now,

however, is a chair that Lech always used. From this point of view, I feel at home.

[Wilczak] I have overheard that you are also called "the leader." You took over the part quickly.

[Krzaklewski] Oh, it's the first time that I hear that! My closest coworkers probably call me that as a joke. Actually, I don't know whether it is good or bad if they speak in this way.

[Wilczak] Have you reorganized the second floor yet?

[Krzaklewski] I am trying to introduce changes in a balanced way and eliminate a certain disorder which was not conducive to good work. For the most part, these changes result from the restructuring of the presidium of the National Commission [KK]. They are tied to the professional filling of posts and departments according to their specific tasks. We have to finally implement the organizational plan adopted by the KK presidium; it has been a major vacuum. The position of the KK secretary had been vacant, for instance, an important post that handles contacts between the union and the outside, contacts with the government, with the employer, with regional centers. I think it is time to start normal work. Presidium members have to be available at all times. Times have changed; we have reached the point of hard union work. Previously, our lobby had KK decisions put into force immediately; right now we have to push hard for the implementation of our resolutions.

[Wilczak] The time of improvisation and spontaneity has ended. Now professionalism counts.

[Krzaklewski] I would like to see well organized, professional activity. I often repeat that union work is grey, mundane and requires professionalism. I don't like makeshift arrangements. Some spontaneity must remain, however, because it is intrinsic to the nature of our union; spontaneity meaning a quick response to injustice. Sometimes a mechanism "working like a clock" is not capable of such responses.

[Wilczak] Let us go back to the day when you were elected to the post of chairman. You said then that this choice is proof of the Solidarity trade union's healthy reaction, of its resistance to manipulations. Not everybody liked that. Delegates asked if another choice would have signified that Solidarity has lost its healthy reactions.

[Krzaklewski] I could see other candidatures, especially one—that of Lech Kaczynski—as strongly backed, even during the campaign before the congress, by members of the Center Accord, the most popular party among Solidarity members. I have been and will be against transplanting influences of only one political option into Solidarity. It would be the end of Solidarity as an independent trade union, which should encompass the whole variety of options. The union's strong attachment to a single political line would diminish its significance in the present balance of political forces in Poland.

Solidarity is still the major portion of the sum total of these forces. Everybody will try to get our support, to get the backing of the union. We have to stand up to this challenge, regardless of our wishes.

[Wilczak] How were you received by President Walesa? Doesn't he bear a grudge any more that the election did not go according to his wishes, that you defeated Borusewicz and Kaczynski?

[Krzaklewski] Let's pause here for a moment. Everybody speaks about disunity in Solidarity. Even Mr. A. Micewski in POLITYKA said that after I assumed the post of the chief the split would be even deeper. Let's clear it up. Disunity has occurred, but disunity in Solidarity as a whole movement, as the social and labor movement. The trade union Solidarity in 1980 meant a certain political concept. Solidarity as a movement was only partially a trade union to defend the rights of employees. First of all, it was an independence movement, against oppression, totalitarianism, and injustice. Now these tasks have diminished. The movement as a whole has experienced divisions and polarization, which Walesa amplified. I believe it served a good end. I will reiterate the opinion that in the union itself splits have not reflected the same degree of polarization as that on the outside. Naturally, these tendencies spread, but within my formula for action, within the trade union itself, their sharpness will be tempered by subordination to the union statutes and tasks. I suppose that A. Micewski made an imprecise statement; he meant disunity in the ten million [strong] movement called Solidarity. I do not expect to have any bearing on that.

[Wilczak] Aren't you interested in politics?

[Krzaklewski] It has to interest me, because otherwise I would be a bad chairman. After all, I move within a certain specific area of political forces in Poland and the union does as well. At present, however, I am not interested in politics as inspiration to start a party or in politics as belonging to a group with the specific goal of taking over political power, which is, after all, the purpose of creating a party.

[Wilczak] I am asking this because I wonder whether it is possible for the union Solidarity to free itself from politics. If it were easy, then Solidarity would not be bothered by difficulties in defining its identity.

[Krzaklewski] It is true that there are difficulties, but the unionist nature of Solidarity is being continuously reinforced. It was also strengthened by the last congress. Two factors will be decisive in this process. Solidarity will be more and more unionized as, first, the progress of democratization and creation of a natural economic market goes on, and second, as the threat from postcommunist structures diminishes (they are still a threatening force because they are well interconnected and rich).

[Wilczak] I am waiting for you to say something about enfranchising the former Communist party establishment.

[Krzaklewski] I will say it right now. It is paradoxical, but enfranchising the party establishment is a result of Solidarity's strategic error. During the underground activity we neglected the issue of employee self-government. We thought that getting into self-government was a way of collaborating with the communist management. We tried to take it on only partially. That is why we did, willy-nilly, help in the enfranchising of the party. Employee councils were the final official organ to legalize the creation of companies. Where Solidarity has taken over self-government this phenomenon is minimal, or does not exist at all.

[Wilczak] I do not suppose it is easy to run the union after Walesa. Do you have the Lech complex?

[Krzaklewski] I cannot have the complex. It is very difficult for me to even compare myself to Walesa because my role is different. "Walesa's successor"—this is a semantic fact, but it does not mean continuing the role he had. Lech himself used to say that he could no longer be the chairman-director of the union. Not being president yet, he was that *de facto* already, having probably greater executive and strategic possibilities. I have to carry on a role of director-manager concerned with union achievements, not political goals.

[Wilczak] You have had difficulties with the composition of the presidium, with the distribution of assignments. You still do not have your deputy chairmen. Don't they want to work with you in Gdansk?

[Krzaklewski] We are experiencing an impasse, but it is a natural follow-up of what happened at the congress, of the crystallization of separate electoral camps. Kaczynski is gone but his congress camp is here. It will take time and a lot of good work for them to accept me. There is a different situation regarding Borusewicz, with whom I have usually worked well and there is no reason to speak of an antagonism of his camp. I believe everything will fall into place gradually.

[Wilczak] I have heard you are forming a new court; in the proposed presidium there are only old friends.

[Krzaklewski] This is not true, although in preparing the proposal I did try to avoid antagonisms in the presidium. Sheer honesty would not allow [me] to create a presidium that would be doomed to permanent disagreement. I have to create a team that will be able to work together, come to an agreement, and make a quick decision. It certainly will not be a court, but I have to have people whom I trust.

[Wilczak] It is probably not an easy task to chair a union which is losing popularity every day. In the past Warsaw eagerly listened to the voice from Gdansk. Even during the underground activity, Gdansk was the decision making center. Right now nobody minds the decisions of the National Commission.

[Krzaklewski] It is true. During that time decisions were noted at least because they were considered offenses

against the law. The government knew Solidarity's resolutions because the Security Service informed them immediately. Later, our decisions were effective because Solidarity, as a force which created the new government, had to build its strategy. There was a certain automatism in implementing the union's decisions. Right now the contrary is true: we adopt a resolution and it falls on deaf ears. Nobody fears us. Even people who have come from Solidarity disregard its decisions. The same happens in the parliament; Solidarity deputies voice opinions serving the interests of their parties rather than those of the union. I am disappointed that the gears do not work as they should; we have been waiting for a year and a half for the union-proposed bills. It was only recently that something moved. Deputies of various parties are showing diligence. It is not difficult to guess why—the election campaign has started.

[Wilczak] I believe you have plans to change that.

[Krzaklewski] I will certainly be tough. I see the following course of action: the union's decision and then seeking its implementation through negotiations or legal action, according to legal procedure. We cannot expect effectiveness by depending on our lobby only. The legal instrument must be put into motion.

[Wilczak] What, then, is your concept of the union? It cannot protect the government only; people will eventually rebel. Tough demands are not possible either.

[Krzaklewski] The union must certainly still be an umbrella over Poland, as Michal Boni stated. I can endorse that. It has to keep the role of the guarantor of democratic and economic reforms. Moreover, I would like Solidarity to keep its uniqueness; we do not intend to put forth demands for the sake of demanding only. First of all, we must protect the weakest. This is the main goal of the union today, although it is pushed aside sometimes by the various demands of its constituent units.

Another goal is the defence of the right to a system of rewards for good work. They cannot be continuously abused, e.g. as a result of errors following implementation of a guillotine-like law. Finally, the abuse of elementary justice in the processes of privatization, threatened by a secondary enfranchising of the former establishment. Our demands, necessarily, must be concentrated on the protection of employees against the effects of errors by legislature, administration, or personnel assignments. Through sabotage and the incompetence of the administration or its officers, the efforts of the union are disregarded and wasted.

[Wilczak] How are your negotiations going with the government. Are they just a game of appearances, or are they a real man-to-man talk?

[Krzaklewski] When I watch television in the evening, I often have the impression that I took part in some game. Nevertheless, these are very tense talks. I admit it is most difficult to negotiate with colleagues. I don't like long

lasting talks which nobody wants to break by a definitive decision. I do not have such scruples.

[Wilczak] How does one negotiate with Deputy Prime Minister Balcerowicz?

[Krzaklewski] I may get a beating now from my union activists, but I must admit I like negotiating with him. Balcerowicz always clearly specifies the limits; I know what I am to hit against and I like that. I feel he is a negotiator who controls the area within which he moves.

[Wilczak] Do you have direct telephone lines to the Belvedere and to Prime Minister Bielecki?

[Krzaklewski] Yes, I do and I have made use of them.

[Wilczak] Don't you fear a drop in Solidarity's popularity?

[Krzaklewski] I take this into account. How long can one be a prophet in one's own country without getting a beating? Solidarity has been that for 11 years already. We also get beatings for sins we have not committed.

[Wilczak] I know that many groups are trying to get Solidarity's support in the next elections. Z. Najder and the OKP [Citizens Parliamentary Club] are expecting to meet with you. What do you expect from a possible coalition?

[Krzaklewski] First of all, we will not support anybody or join any coalition until we know the election rules. This time the union will approach the elections tactically, in a way that will bring the best possible results to itself and to Poland. We will apply mathematics to choose the best strategy. We do not want to win the elections, or form a government, because again we would have created an employer, and deny the principles of the union. Well, this is just theory. We calculate our expectations in terms of our forces; the union knows that by itself it would not gain an absolute majority. If it appears that our role in the parliament is limited to pushing labor issues, we will think of a good coalition. In our experience, however, no coalition with deputies with political goals has ever been advantageous to us. I repeat, everything depends on the strategy that we adopt, but we are not making it public too early, in order not to allow our adversaries to subvert it.

[Wilczak] You have declared [that the union is] moving away from politics, but at the lower levels something completely contrary is happening. Chief officers of regional centers are trying to take over the role of party voivodship committees; they consult, recommend, place their people in important positions. Do you like that?

[Krzaklewski] First, it is not possible to speak in terms of an analogy to the Communist Party. Voivodship committees were organs of a government that was forced upon Poland in a nondemocratic way. Our regional centers, however, are creations of a government that emerged in an objective, democratic process. So the

difference is in the definition itself. Certainly, pathologies are an outcome of having power, of human faults. People who sympathize with Solidarity also see it as an analogous structure, because this is what they learned in the past. Previously, there was the voivodship committee, one power that directed everything. Now they see a new power and they think: you there in Solidarity, you should also rule. So there is a double pathology. The pathology of our actions lies in trying to adopt the role of an employer, and in interfering with democratic self-government. This results in the union's loss of identity. We may express opinions, make public statements, but we must not issue informal commands.

[Wilczak] Today the union works on the basis of a communist decree. There is still no law concerning group forming, and legal rules regarding group conflicts are inadequate. What is your opinion regarding recent proposals by Minister Boni?

[Krzaklewski] In my view it is a proposal for a makeshift solution for the duration of the pathology of the transitional stage. I am afraid though that it may be only a temporary solution. The proposals are good, but first of all we have to have laws to prevent prolonging the conflict in time and in procedure.

[Wilczak] You dream of law and at your side radical forces have risen. I will not even mention the OPZZ [All-Polish Trade Unions Agreement], but there are the independent trade unions of the sea coast which called for the strike in the Gdansk Shipyard. What is your estimate of this situation?

[Krzaklewski] In terms of postcommunist union demands, I think that they are more political than those of Solidarity, the union that is a partner in the reforms. Those unions may obstruct the objective process of democratization and reforms. Their disagreement does not lead to reform. The joining of OPZZ, in itself, is an ideological choice. I would like to see some declaration of interest in the effects of the reform from the general membership of OPZZ. Otherwise, cooperation is not possible. Small organizations, related to OPZZ, placed in sensitive areas, are specially dangerous for the economy. Their strategy of demands, not always coherent to their members, may paralyze the economy. I do have grounds to state that very often their actions were premeditated political moves.

You asked about the independent trade unions. They are an extension of the split in 1981, the split among individual authorities in Solidarity. The strike, I think, was an attempt to draw attention to the existence of a different union rather than to achieve compliance with demands. I must say that as a unionist I would be ashamed to demand a 3 million zloty raise while claiming Solidarity ideals. Others are not able to gain even a 100,000 zloty raise. I consider ineffective setting this type of a union goal.

[Wilczak] Until now Solidarity manifested its ties to the [Catholic] Church. Would you like the union to have a Christian profile?

[Krzaklewski] This is the third problem of Solidarity—going back to moral values. They are defined in the statutes—we are a union which grew on the soil of personalism, of defending the employee as a subject. Close relations with the church went together with the moral renewal. It is still needed at present, although such ideas are often ridiculed. These values, however, do not dictate faithfulness to any particular religion; they are universal moral values. Solidarity is such a value. It is mocked now because everybody tries to get from it as much as he can for himself. I believe that a good construction of economic relations requires putting certain moral categories in order, such as conscientiousness and responsibility.

[Wilczak] You are not wearing Our Lady on your lapel.

[Krzaklewski] It does not mean that I am not deeply religious, but that is my personal choice. I would not want to impose it as obligatory on other members. Three days after the congress, on my way to Lower Silesia, I stopped at Jasna Gora—this was my own personal need and I did not do it to manifest anything. The church's influence on the union has been toned down. There are fewer and fewer religious symbols.

[Wilczak] Does Solidarity have its priest?

[Krzaklewski] No and I do not think we will raise this question.

[Wilczak] You have begun creating a team of experts which, God willing, will have an easier life with you than with your predecessor.

[Krzaklewski] We do not have a team of experts yet. I have not even decided whether the team should serve me or the KK presidium. The situation is difficult because now, when the election campaign has started, creating a group of experts for the chairman of Solidarity may be seen as a political act. Therefore, I prefer to keep this on the level of friendly conversations and reliable personal contacts.

[Wilczak] You were elected for one year. Does this fact influence your decisions? Are you more cautious because of that, or the opposite? It is easy to lose popularity, and the chair.

[Krzaklewski] I do not think about that. I am trying to do what is best for the union. I would like to put its main functions in order. I admit, though, I have thought sometimes: "this is another last year, already the eleventh."

[Wilczak] Thank you for the interview.



### Farmer Road Blockades, Tariff Demands

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6 Apr 91 p 6

[Article by Krystyna Sonntag: "A Barrier on the Dike"]

[Text] The farmers from Solidarity, who blocked public roads during the last 10 days of March, were demanding that tariffs be instituted to effectively protect the domestic producers. The peasant tractors and combines blocked roads under the banner "Community of Interests of the Cities and the Countryside." It would be hard to deny its overall reasonableness. However, talking about a community of interests of the cities and countryside, when tariff barriers are being demanded on imported food, smacks of a bad joke.

This is easily shown if we follow the price movement in butter in the last six months. The prices quoted are accurate because they are based on the record of household expenditures kept from one month to the next. They show that last October, a cake of butter, depending on where it was purchased, cost between 2,500 and 2,900 zlotys [Z]. Early in November there was a sudden jump to 24,900. Towards the end of the month, the price rose to 25,200. Everyone knew that Polish butter was being exported and that the warehouses were empty. There was another increase in January, when the price of a cake of butter went from 25,800 to 26,400.

Queues again appeared on the streets because butter sold from trucks was cheaper by a few hundred zlotys. The demand shifted to margarine and oil, and it was also harder to get those. Milk, cottage cheese, and hard cheeses also went up in price very rapidly. Lowfat cottage cheese disappeared from the shelves as soon as the shops opened their doors. People who were on diets wrote desperate letters pleading for a shred of pity and understanding from the producers of this specialty, [but] without result, because this was a cheap commodity which was not profitable for either the producers or sellers.

It appeared that the scarcity did not affect the countryside, as had previously been the case, as much as the cities, which were at the complete mercy of the producers. The picture was reversed when imported butter appeared in the shops, and above all, on the streets. Prices began to drop. Today in Warsaw, Czechoslovak butter can be bought for 24,000, German (with a current shelf date), from 25,000 and up, i.e., cheaper than the Polish "extra-grade" butter. The competition in butter had its effect. As reported in GAZETA WYBORCZA, in Gdansk Voivodship recently the price of Polish butter is seven percent lower than it had been, in Konin Voivodship, nine percent lower, and in Siedlce it is 14 percent lower. This is easier on the consumer's pocketbook, although not much.

The ratio of butter exports to imports is 4:1. Last year Poland exported over 18,000 tons of butter, while it imported 4,200 tons (this year's figures are unavailable).

Let us observe that this drop in prices in no way reflects these ratios. We see, however, that the size of export has escalated prices and import has scarcely stabilized them.

The predominance of export of agricultural commodities over their import in 1990 was crushing. Exports to the West totaled \$2,107.2 million, and imports totaled \$605.7 million. Exports in the opposite direction (or what had formerly been called the "nonconvertible currency payments zone") of food-industry and farm products amounted to 524.6 million rubles, and imports totaled 247.1 million rubles. This surplus still continues and for two months of this year amounts to \$70 million. How under these circumstances, can tariff barriers be demanded on food, without cutting off the branch on which one is sitting. God only knows. The Main Customs Office says that the EEC countries will reply with a retaliation.

Although Sen. Gabriel Janowski, chairman of Rural Solidarity, when asked to present his organization's position on this issue, agreed to be interviewed, he did not want to put his personal stamp of approval on it. He believes that he should be given an opportunity to discuss all of the problems dealing with farming in the columns of POLITYKA. Insofar as tariffs are concerned, the chairman believes that, naturally, we cannot lock ourselves completely within our own little Polish world. However, during a five to seven-year transition period, such tariff regulations must be retained as will provide protection for the farm market: beginning with sanitary regulations, through tariff barriers, to barriers in the form of a turnover tax. Thought should also be given to whether our impoverished society can afford such extensive imports of food items as, for example, chewing gum, bananas, or other consumer articles. Unfortunately, remarks the chairman, we have not developed the mechanism which would encourage saving, instead of spending for consumption, or investing. He says also that it is essential that balance be maintained between imports and native production so as to give the Polish producer time to get on his feet. Foreign competition is dishonest, because it is subsidized, and the Polish customs regulations now in effect on the import of food are a hundred times more liberal than the EEC regulations, where high tariffs and import quotas are applied. In our country, the dam is wide open and everything can flow in with no barriers. We should institute import restrictions and at the same time, taking advantage of Poland's exceptional position on the international arena, negotiate privileges which will permit larger quotas for Polish exporters. This could easily have been done last year, but there was no agricultural policy.

At the meeting of the Sejm Commission on Agriculture and Food Management during the last plenary session, similar arguments could be heard. The peasant deputies proposed, e.g., that the system of tariff protection in effect in the EEC countries be copied and applied in Poland. There was talk about the necessity of putting a draconian turnover tax on food imports, and introducing a floating dollar exchange rate, depending on whether it

pertains to imports or exports. It was argued that tariff barriers lie in the interests of the consumers because they help to finance agriculture, which in two years will give us an abundance of food.

Unfortunately, this is not true, says the representative of the Antimonopoly Office, Janusz Swiergocki, because 40-plus years of subsidizing agriculture has deprived this branch of the national economy of the ability to develop and compete. Even at a price much higher than would be obtained with tariff barriers, it would not be possible to change the structure of agriculture rapidly and rid it of the civilizational burden which the entire economy bears. Anyway, not in a quick or pain-free way. In essence, the demands of the farmers are aimed at drastically and unilaterally restricting the freedom of trade, which, in the opinion of the Antimonopoly Office, strikes at all consumers and will not give significant advantages to agriculture. Perhaps only the advantage is that without competition it will not have to work as hard.

Already now, over 60 percent of personal income goes for food. A further movement in prices would threaten the basic standard of living. Statistics show a drop in food consumption in all commodity groups, with the exception of potatoes and bread. This is a clear indication that people are becoming poorer. The fact that this drop is lower than the drop in real household incomes, tells us only that one must eat. Statistics also indicate that in most families there is no longer what is called the fund for free decision in the household budget. There is only enough to cover the basic needs. And, after all, prices are not standing still. In January of this year (according to ZYCIE GOSPODARSTWA records), as real wages dropped 19 percent, prices on dairy products and baked goods rose 30 percent, meat rose 10 percent, and vegetables approximately 60 percent, compared with December of last year.

Further price rises will increase social tensions and strengthen demands for wage increases to compensate for higher prices. The chain of demands will have no end and will not be profitable for anyone, because even if the government permits some increases in wages, the enterprises will calculate this into the prices of industrial products. Therefore, even if, during the initial period, the farmers gain, in the final accounting they will lose anyway. Inflation strikes at everyone. And most of all at the farm producer, who has money coming in from sales of his products over long periods, but means of production have to be bought currently, as needed. Does anyone in the countryside and in the farm organizations take this into account?

The government has announced that there will be a reform of custom tariffs. New tariff rates on food imports are to go into effect in mid-year. The farmers have been promised that they will average 20 percent. But, for example, on milk, cream, butter, rapeseed oil, and sugar, in accordance with the proposals made by the

agriculture department, the tariffs are to be 30 percent. They are barriers. It is even proposed that a 40-percent tariff be put on margarine.

The Antimonopoly Office and the Consumers Federation is protesting this. The federation is asking about the effect on consumers, and for estimates of the anticipated growth of prices on the standard of living. But the sponsors of the proposals did not produce any simulation figures. It is not known how the new tariffs will affect the cost of living, to what degree they will lessen the demand for food. After all, the farmers, too, will bear the effects of the shrinking demand. On balance, therefore, this operation may not be profitable to anyone.

It is also hard to get an answer from the farmers themselves as to what, and to what degree, will be subject to protection. Director Piotr Pogorzelski, from the Main Customs Office, took part in the negotiations conducted with the protesting state farms [PGR] members who demanded tariff barriers. But they were not able to state their demands clearly.

There was talk about dishonest competition, because prices of products produced in the EEC are subsidized (a Polish consumer eating German butter benefits from these subsidies). Also about the fact that goods are coming into Poland at dumping prices, i.e., deliberately reduced prices.

Several applications have been made to the Main Customs Office to institute antidumping procedures. The Silesian Fats Industry Plants have made a request relative to the import of oils and margarine. Rural Solidarity from Ostroleka, regarding the import of beef allegedly at Z5,000 per kilogram, and the District Dairy Cooperative in Olecko wants an investigation of losses suffered on butter (there are 40 tons in the warehouses and they cannot be sold).

Before antidumping action can be taken, the applicant must show proof of the losses suffered by virtue of this. They must be measurable (e.g., a reduction in employment, the need to draw credits to finance stocks) and have a direct connection with the subject of the complaint. When an antidumping procedure is instituted, importers and exporters must be so informed. Whether or not the complaint is justified is decided by international arbitration.

The Main Customs Office, under pressure from farmers, instituted a procedure relative to oil and beef, but this does not mean that a case has been made. Furthermore, customs officers are sensitive on the price of butter (prices must be in compliance with the GATT dairy agreement). It is highly unlikely that they would let through large quantities of this article for pennies. It is a known fact, however, that some dairy cooperatives, instead of producing milk and butter, bring it in from abroad and make money on the brokerage.

Preparation of a new customs tariff covering all imports is underway. Prof. Stanislaw Welisz, advisor to the

minister of finance, states that, "We should not expect a rational customs structure to emerge from interdepartmental adjudication." And that, "Differentiated tariffs can be justified by political and social reasons, but not by economic reasons." In reality, barriers will not change anything in agriculture.

The farmers are blocking roads because, as they say, they are not earning enough money to meet their expenses. On the same day, in Lodz, women textile workers were demonstrating because they, too, are losing money. And with higher tariffs on imported food, things will be even worse.

### Russian Deputies Discuss Polish Issues

LD0905043491 Warsaw PAP in English 1630 GMT  
8 May 91

[Text] Warsaw, May 8—The parliamentary committee for contacts with Poles living abroad today resolved to ask the Sejm Presidium to turn to the parliament of the Russian Federation with a proposal to establish an interparliamentary group to deal with problems of Poles residing in Russia and Russians arriving in Poland.

Two deputies of Polish descent to Russia's Supreme Soviet who attended the meeting told the committee that the most urgent tasks were the recovery of property belonging to Polish associations confiscated after 1937 and creation of organizational and economic foundations of Polish associations in Russia.

### Editorial on Significance of USSR Referendum

91EP0404B Warsaw POLITYKA in Polish No 13  
30 Mar 91 p 5

[Editorial by Witold Pawlowski: "USSR After Referendum: Conflicting Signals"]

[Text] The results of the referendum concerning the future of the USSR mean victory for Mikhail Gorbachov. A majority of citizens voted for the rather enigmatic "renewed federation of sovereign republics," as he had vigorously urged them to do. He has now authority to fight, with even greater perseverance and a greater range of measures, to fulfill his vision, born from post-Stalinist years of thaw which shaped him. This means that everything may be changed, except the base itself which cannot be touched—the territorial unity and the leading role of the party.

At the same time, the referendum showed that the USSR cannot be saved. This symbol is significant enough. Six republics completely boycotted it, and only five kept the original version of questions set by Moscow.

Thus, the referendum did not bring dramatic decisions, it probably could not. It strengthened Gorbachov's position and it encouraged the adherents of strong-hand politics to further their efforts towards bringing back the old order. It also strengthened, however, the position of Borys Jelcyn. He will probably become the president of

Russia in a direct election and his confrontation with Gorbachov will become even more legitimate. There are also signs that, as a response to the referendum, the separatist tendencies will be strengthened in those republics that want separation. To put it shortly, the situation will be even more complicated. The complex and ambiguous results of the referendum illustrate well how matted is the Soviet knot—nationally, economically, militarily, politically. If we add to this continuously growing poverty, destroyed roots of ownership, of enterprise, of democracy, and if we throw in the "disappearance of will" in organizing one's own affairs, we will have perhaps a dark, but true picture.

It is not, perhaps, the critical mass yet. The process goes on with no winner in sight. It is possible to live like this a lot longer—months and years—making a few small steps forward and then some back again.

The most important point of the referendum may be that this country, cut into pieces or not, by the will of its people and politicians, wants to be a giant and play a giant's role, regardless of the results of the domestic quarrels.

It is also an important signal for those who thought otherwise.

### Self-Government Regionalization Reform

91EP04714 Warsaw ZYCIE WARSZAWY in Polish  
28 Mar 91 p 3

[Article by Eliza Olezyk: "Reform of the System or Changes on the Map—A Third Redistribution"]

[Text] Why get upset?—asks TYGODNIK SIEDLECKI. Will the Gorzow Voivodship not celebrate its 20th anniversary?—worries ZIEMIA GORZOWSKA. Will everyone be happy with the new administrative redistribution?—PRZEKROJ wonders. In the regional newspapers the questions multiply and there is an influx of protests to the commission called to develop concepts for change in territorial organization of the state.

In a letter dated 20 February, the Siedlce Self-Governmental Sejmik states that a new administrative redistribution of Poland into 12 large regions will lead to the concentration of funds, to a reduction in the administrative efficiency of voivodships, to the overall cultural weakening and backwardness of Poland's so-called eastern wall, to the slackening of ties between the government administration and the self-government administration, and to a decline in the importance of the territorial self-governments. Demonstrating the need to preserve the status quo, the Sejmik asserts that civilization has made significant strides in the eastern voivodships during the 16 years of operation of the present administrative distribution. Beneath the surface of the preceding accusations lurks a question full of fear: What will become of us?

### Regionalization

This word gained in importance just a few weeks ago when spoken by Prime Minister Jan Krzysztof Bielecki at a February meeting with representatives of the territorial self-government in Poznan. Of course, the intent to redistribute Poland administratively was known earlier. Three teams worked independently to author three different maps of Poland. On two of these maps there are 13 large regions (which differ in their expanse), while on the third there are only 11 regions. Prime Minister Bielecki made mention of 10 and of 12 voivodships. In this way he let the self-governments know that none of the drafts prepared by the researchers was a preferred one. Society ought to determine the future shape of the voivodships and their number, although, in the opinion of the prime minister, at most 12 Polish cities are capable of assuming the obligations that are the responsibility of the capital city of a region made up of millions of people.

Despite the fact that the government chief's address met with various reactions, a reform of the territorial distribution seems inevitable. This reform is basic to the possibility of rebuilding the economy, to the development of a real self-government, to the decentralization of power and money, to the democratization of Poland, and even to Poland's entry into the European Economic Community (in 1992 Europe will become a continent of regions and we must make the adjustment to this). It is difficult to resist such weighty arguments, particularly since the future of the state, its system, and its prosperity are placed on one side of the scale, while its decline after the totalitarian system is placed on another. And so, despite the fact that fear of the unknown is a hidden element of the letters of protest, more resourceful voivodships (which understand that the matter is already settled) have already begun to survey their neighbors to discern who will be a partner in the establishment of administrative and financial alliances.

Given the changes made in the internal boundaries of Poland, the nature of future regions has been placed on the back burner. However, three possible variants assigning the powers of regional decisionmaking centers have been prepared. The region designated as the functional region would implement only specific tasks. The self-governmental region would possess the general authority (the right to make autonomous decisions and to implement its own vision of development and have its own executive apparatus). The autonomous region would also exercise legislative powers. The scope of its autonomy should be defined by the constitution. Local communities likewise are to determine the powers of the new voivodships.

### Nothing by Force

"I am convinced that society wants this," asserts Director Jerzy Sulimierski who heads the work of the commission appointed through an Office of the Council

of Ministers [URM] initiative to develop a reform concept. "We must just make people aware of the benefits to be derived from the new territorial distribution." Regionalization is a natural consequence of self-government. The point is to make it possible, through the creation of territorial decisionmaking centers, to conduct an autonomous economic, social and cultural policy which emanates from the real needs of a given region. The regional capitals will receive a portion of central powers, both substantive and financial. Many tasks, such as combating unemployment, territorial management and protection of the environment have a regional scope; therefore, these tasks will be implemented best within the region. The savings created by a reduction in administration is also very important. It is already possible to note a tendency in the direction of 12 decisionmaking centers. The minister for ownership transformation affairs sent only 12 delegates into the field. It is too expensive and totally unnecessary to maintain 49 offices dealing with privatization.

The head of the commission has a veiled hope that everything will resolve itself without conflict, that things will evolve. He is counting on being able to persuade the voivodship governments to cooperate. Perhaps they will want to divide up roles and among neighboring voivodships, one will deal with the administrative servicing of municipal management, others will handle the health service and still others will be in charge of transportation affairs—rendering services to their neighbors. But nothing should be forced on them. If a voivodship wants to cut itself off, that is its affair. In time it will find out on its own how high administrative costs are and how little money is left for other purposes. A financial accounting will convince the most stubborn people. But everyone must draw such conclusions on his own. For the present, as we try to get people to cooperate, we can find out which areas are naturally drawn to each other and which areas are areas in which conflicts are arising.

Despite his optimism and his faith in the good sense of society, Director Sulimierski knows that there will be many problems. However, he has decided to face these problems. Time, above all, is needed to overcome the lack of trust and to win society over to the regionalization concept. The commission head maintains that if, in the next three years, the team he heads succeeds in working out a concept which pleases a majority of those interested (i.e., holding elections to regional office along with the next election to the territorial self-governments), it will be a big success.

### The Experts' Doubts

The first, inaugural meeting of the commission created within the URM showed that its members have diverse views not only regarding the new distribution of the country and the character of regions, but also regarding the regionalization concept itself. In many statements one senses the fear that the reform has been dreamed up in order to change external appearances once again without doing violence to the inside. There was talk



about self-governments that were created in order to decentralize power that were later trammled by budgetary constraints and the competencies law.

Docent Michal Kulesza said, "In order to reform administrative distribution, we must first develop a new competencies law in which gminas will find guarantees that their power will not be diminished. Mechanisms must be created which will make possible regional autonomy. The change in voivodship boundaries is the final element in this building-block process. There is no sense in redistributing the country, said another expert, if the Ministry of Finance will continue to disburse funding. Thus, the basis for creating regions must be information on the subject of the self-financing capability of new administrative units. We cannot expect the very fact of conducting a reform to solve all other problems.

Participants in the meeting warned against the political use of regionalization. They pointed out the lack of intermediate levels in the government administration. They recommended that excessive hope not be aroused in regions for gaining autonomy, especially since such autonomy is conceived of completely differently in Silesia than it is in Wielkopolska, for example. Above all, they warned against hasty decisionmaking.

But even within this body an advocate of acceleration is found. The representative from the Union of Wielkopolesians acknowledged that the commission would have no difficulty completing the relevant draft for the administration redistribution of Poland by 1 May of this year. The voivodship governors will have 30 days to consult with the self-governments and to approve the commission's proposal (this procedure apparently did not anticipate any appeals of the commission's decisions). Then the current Sejm will confirm the regionalization concept and in the fall, together with the parliamentary elections, elections will be held for the regional authorities. If these deadlines are not kept, said the representative from the Union of Wielkopolesians, we will lose another four years....

The profits and losses may, of course, be estimated in the way the Union of Wielkopolesians estimated them. Ultimately, however, haste can only lead to significantly greater losses—at least financial ones. Administrative restructuring is very expensive. If money is invested in it and the expected results are not obtained due to hasty decisionmaking, once again money has been wasted. There is no point going into a lengthy discussion of the societal losses caused by unsound territorial distribution since these cannot be measured. However, the consequences of these losses are enormous. We can only hope that the government will keep its promise of consulting with society and that it will be willing to implement the whole reform, pleasing the majority at the expense of the minority and not vice versa. It will not be able to please everyone anyway.

### Peasant Parties Status Quo, Search for Alliances

91EP0415A Warsaw POLITYKA in Polish No 14,  
6 Apr 91 pp 1, 6

[Article by Jagienka Wilczak: "Full Roads, Empty Fields: Who Will Reach for the Baton"]

[Text] The only thing that unites all the currents of the rural movement is their conviction that the government, regardless of its composition, will never care for the existence of a strong peasant party. "Whenever we start rising up something hits us," say the activists of the PSL [Polish Peasant Party], who have started to believe in their bad luck. Others, more realistically minded, see the disunity in the peasant movement as a result of specific political activity directed towards creating disagreements. No matter which version we adopt, the fact remains the same: almost 40 percent of the electorate, even though living in villages, are looking for support in parties other than their own.

The landscape is picturesque. Each leader of a peasant party, asked separately, repeats the phrase: "as far as unification is concerned, we do not say no." Whenever there is any chance for agreement, however, they not only avoid it, they run away. Every such maneuver is given the same explanation: "the slogans are perhaps the same, but past experiences make us so different that it is difficult to agree."

The most extreme opposites are the PSL of Roman Bartoszcze and the PSL of Henryk Bak (Mikolajczyk followers). President Bak expresses his attitude plainly, he will not walk together with those (he means Bartoszcze's PSL) who have not given up cooperating with the communists and, by their decree, represent the rural population. The mutual animosity is strengthened by the fact that, according to Bak, Bartoszcze and his party illegally took the name of the PSL, which belongs exclusively to Mikolajczyk followers. This was treated as a hostile act and even found its conclusion in the court. Bak maintains that not only is he the only follower of Witos and Mikolajczyk, but also the first to declare himself as the PSL and to register his party ahead of the others. He owes it to some unknown forces that in the records he appears as the third in line, although he was the first to appear in the court offices. Right now he is trying to prove this before the court by presenting witnesses, and he hopes to win.

PSL activists (Bartoszcze) accuse Bak's party of being guided by ambition and of allowing private interests to take the upper hand over unification. "If we stay divided," wrote Aleksander Bentkowski (replying to M. Korczak), "you will lose as well as I, Senator Slisz, and the PSL. Rural Solidarity will lose too. This means the whole rural movement. Do you really think that only you and your colleagues have the claim on truth, is this the way to create a great peasant party," asked Bentkowski, declaring himself as a strong supporter of unification.

H. Bak has his own idea of unity, arguing that it is not a cure for everything, what is important is the ultimate goal of unification and who is at the helm. Apparently this reasoning is enough to ignore the gestures of Jozef Slisz, the leader of PSL Solidarity, who is clearly trying to get the two currents together. Bak maneuvers around, claiming that unification cannot take place by someone's command, but by the will of the members. There is not, apparently, enough of this will. Slisz offered the post of vice president of PSL Solidarity in return for unification, but Bak rejected it and the senator has grounds to believe now that it was, after all, ambition that took the upper hand. Others believe that Mikolajczyk's PSL, a small party, is maintained artificially, exclusively to weaken Slisz who would like to say that the banner is ours.

### Bone of Contention

When, in the fall of 1989 Jozef Slisz, the then chief of Rural Solidarity, came forth with the idea of creating a political representation of the rural population to carry on the best ideals of the peasant movement, the creation of PSL Solidarity, another peasant party, seemed a mistake. To appreciate the extent to which the farmers themselves resisted politics, it is enough to realize that Slisz's aspirations became the reason for his defeat as the chief of Rural Solidarity. During the congress in Krakow the supporters of the syndicate option of strong demands (represented by G. Janowski) triumphed, and the attempt to politicize the farmers was rejected.

Slisz did not take it to heart too much. He became the head of PSL Solidarity which, in its second year of existence, is one of the three organizations with Solidarity in its name that have gained general support and trust. Well, he could say "the world is beautiful," then, if it were not for one only obstacle, that of PSL Bartoszcze, a party which Slisz cannot tolerate, maintaining it is a continuator of the communist line. The general membership of the PSL, the former ZSL [United Peasant Party], are, according to the senator, repainted reds. The same animosity spilled over onto their leader, R. Bartoszcze. The bone of contention was the senate's cooperatives bill, subverted in the parliament by the left wing of the PSL, which supported another proposal. (The war is about who should direct a rural cooperative—the management or the members). Slisz maintains that both parties have totally different visions for the future, since the PSL supports the postcommunist left. In recent weeks the mutual animosity increased, following the election of the NIK [Supreme Chamber of Control] chairman: PSL was accused of associating with forces hostile to democracy. Is it possible to talk of unity in this situation?

There is also the Rural Solidarity under the leadership of Gabriel Janowski. As it happens, a number of its members in some villages, belong, at the same time, to PSL Solidarity. The higher echelons of both parties are exactly the same people, although the main leaders have already managed to break with one another. Janowski accuses Slisz of doing nothing, of no credibility, of

opportunistic use of circumstances, and of lacking identity. In his turn, Slisz claims that the other union has neglected peasant issues and has not done anything for the farmers.

There are still the lower ranks, farmers and people living in villages, marveling why unity at the top is so difficult, and why there is no rural lobby yet to push their interests in the parliament. Facing increasing difficulties and tired of politics, they are more interested in economic issues. They have to contend with overproduction, rising prices for industrial goods, and the lack of a market for food. Mazowiecki was criticized for antirural politics, Balcerowicz is generally hated, yet in the presidential elections nobody voted for Bartoszcze, since everybody knew he could not win against Walesa. Bielecki's government is seen as incapable of solving problems, because it does not see them and does not understand them. (The PSL got a lot of credit for not supporting the prime minister's candidature, standing as the only ones to oppose it).

### Prayer for a Leader

One cannot claim it with absolute certainty, but it is highly probable, that the atomization of the peasant movement results not so much from program differences (the slogans and programs are almost identical), as from a lack of a leader, a strong personality able to dominate.

Bartoszcze did not become one, although it seemed that his solidarity background and his underground work would automatically promote him to this role. The presidential election became a test of truth; losing it, he stopped counting as a leader. Nobody wants a loser. Even the PSL, his party, which he himself, after all, made credible, intended to dump him. He managed to defend his position as president, but it is quite weak. It was further weakened recently by our hero himself, but about that I will speak later.

Henryk Bak is not a leader, although his resume is equally impressive. All his life he fought communism. He took part in overthrowing the government, but he did not support any administration, and he is not responsible, as he says, for what the farmers are experiencing now. It seems that Bak has never really thought of taking over the power. He does not have enough charisma to become a true leader and, something that he raises himself, [does not have] enough access to television, which creates politicians.

Gabriel Janowski has not become a leader either. He is ambivalently received by the farmers. Even the desperate blockages of roads (should he back such actions as a senator of the Polish Republic?) will not help his popularity.

Finally, Jozef Slisz. He had a chance to become a leader, but he wasted it. He says he did not have enough confidence, faith and conviction in his ability to lead a peasant movement. At the right time he did not reach for the baton and now his chance is gone, although God gave

him the appearance and voters gave him the mandate of senator. His critics accuse him also of an opportunistic tendency. They did it when he supported Mazowiecki's government. They also did it later, when he joined Walesa's presidential campaign, showing himself at a rally at Walesa's side. Did he think already then about gaining his own electorate? It was unfortunate that he did not execute any conditions following his agreement to support Walesa. It did not bring his party any advantages, even the post of the minister of agriculture was not given to the candidate backed by PSL Solidarity.

Another sign of weakness is the fact that PSL Solidarity, represented by 27 deputies and senators, has not broken away from the OKP [Citizens Parliamentary Club] and has not created its own parliamentary club. It may be considered a political error—a party should articulate its program, carry out its own policies, and pursue the goal of taking over the power.

#### With Whom To Reach Success?

In anticipation of the coming [parliamentary] elections, every agile party should look for partners, assess with whom to go to the elections in order to win. Atomization cannot bring success—with proportional rule and a five percent minimum, none of these parties will manage to get into parliament. It is also highly probable that none of the existing parties will get an absolute majority in the elections and the future government will be created by a coalition. The question is who will be in it.

G. Janowski was the first to make a move. Maintaining that Poland needs a strong liberal-peasant party, he proposed to address the natural rural electorate, and to create together joint election committees, thus, giving birth to a new political formation. "Parliamentary elections give us a unique chance," he said. "If we lose it, we will for ever erase the peasant movement from the map of Poland."

Expecting the issue to play a significant role, Rural Solidarity passed a resolution on the elections in December last year. Janowski understands that Rural Solidarity may be an attractive partner and he is scrutinizing its possible allies. Preelection activity has started. The chairman warns that, at this time, everybody comes forth with declarations of support for the farmers, only to leave them later to themselves. That was his reason for scorning the leaders of Center Accord and rejecting their declaration of support during a recent farmers' protest. He treated ZChN [Christian National Union] with equal insolence. Association with Christian democrats, however, is possible, i.e. [with] the Labor Party and other groups, but nothing is sure yet.

This type of approach to forming a coalition was rejected by Bak's PSL. "Creating peasant committees at the grassroots level would give the green light to communist activists of PSL (Bartoszcze)," says the leader. His party will never accept that. It would give legitimacy and trust to postcommunists and nobody would be able to accuse them of nondemocratic methods any more. On the other

hand, a coalition between Bak's PSL and the ZChN or PC [Center Accord] is not improbable.

Slisz's PSL, a party with Solidarity background, has been stricken by panic; disappointment with the government's politics, unemployment threatening rural areas, increase in social radicalism, all this has made the winner's colours fade away for them. After the quarrels and disagreements in the Solidarity camp, people are left without a compass. In the meantime, the adversary is getting ready and stronger.

J. Slisz says that matters will stay complicated until the election rules are adopted. All their talks now are conducted only to collect information. PSL Solidarity would like to get together with Rural Solidarity. They are also counting on a split in Bartoszcze's PSL, and quite correctly, the way things look at present. If it happens, a coalition would be possible with the camp supporting economic reforms, i.e. the Solidarity line (Bartoszcze, Zabinski).

Slisz is against contacts with the left, but the party's congress resolution binds him to seek a common front with Solidarity's left, the UD [Democratic Union] and ROAD [Citizens Movement—Democratic Action]. There will definitely be no coalition with the ZChN. PSL Solidarity fell into disfavor with Archbishop Bijak, and Bishops Andrzejewski and Dabrowski, farmers' pastors. They are upset that, in spite of former promises, the party did not accept unification, which undermined the [Catholic] Church's authority.

Slisz's party, following the church's social teaching, sees as beneficial a coalition with the Christian Democratic Party (Laczkowski) and PC. "A group of the PC activists are our former members," Slisz notes.

Unexpectedly, a force unknown until now has emerged, trying to unite all the branches of the peasant movement. It is the rural forum at which J. Bylinski, chief of the Rural Development Council, attempted mediation. The forum, according to those who know what went on behind the political scenes, was an initiative of a group of people from different parties who wanted to create a common election front above their leaders' heads and disagreements. Those who see this initiative as an effort to create a new party, are against it. For the moment the matter has been silenced.

#### President With a Hatchet

Bartoszcze's PSL came up with the greatest surprises. According to circles close to the Episcopate, Bishop Dabrowski has made efforts to bring together the PSL and the ZChN. There have been meetings with the participation of President W. Chrzanowski and A. Macierewicz in Wilanow, during which such an alliance was pursued. It is obvious that the base and the structure of the PSL are a dainty bit for the ZChN. Then, a sudden rectification of this information was issued and Chrzanowski broke away from the alliance with Bartoszcze. In

PSL circles, it is said that farmers are religious anyway and they do not care about slogans on banners.

President Bartoszcze has also written letters to colleagues Janowski and Slisz. In the letters he mentioned the necessity to have elections as soon as possible, best in the next few months. He warned against an alliance of communist forces, getting ready to win a majority in the parliament and take over power. The conclusion was a proposal "to create a great rural bloc," free of past grudges and identity problems, "which would become a stabilizing force for the state and a supporting base for President Walesa, thanks to its electorate in villages and small towns combined with catholic organizations. It is important," wrote Bartoszcze, "that we prepare the lists of rural candidates to the parliament together." We have, thus, a third proposal for a joint election bloc.

The letter to Janowski took a very long time, the one to Slisz, just a regular amount. In reply, the senator reminded the president of the PSL's call for a joint front of movements descending from Solidarity. "PSL Solidarity is open to partnership," he wrote.

G. Janowski also reminded the PSL president about his own initiative to create joint rural committees. The problem is, it seems, that, if the idea is accepted, each gentleman would like to claim authorship.

The PSL would like to have its name as the name of the front, the only clear and recognizable name to everybody. The others protest. It is another step to unification that neither Slisz, nor Janowski, nor Bak intend to make. There can be no alliance between Solidarity and the former PZPR [Polish United Workers Party], they say.

Then, events followed very quickly. The press published Bartoszcze's statement, in which the president admitted there were many who had worked for the former establishment, even former members of PZPR, in his party. He was giving them a chance for renewal, but apparently they did not want to make use of it, because the president was forced to later say, "This does not suit us. These people have to go, as lacking credibility, as true communists." At this point he called on all the members of goodwill to begin a general cleansing of the ranks to free the PSL from the communist left.

The next day the same press published a statement of R. Jagielinski, president of the Chief Council of PSL (and an opponent of Bartoszcze). "The president's statement was not cleared with the Supreme Council, nor with the Chief Executive Committee. It is Mr. Bartoszcze's personal view," he said, suggesting further that apparently Bartoszcze's illness (he spent some time in the hospital) affected his mind—he wants to chase the Reds who are no longer among the party's members. Two other leaders of the organization made statements in a similar tone. Everybody was shocked. The PSL, recently united, is threatened by another split. Bartoszcze's group may break away, to the great joy of Center Accord (which also wants to decommunize) and of President Slisz who is counting on such a split to widen the area of his own

influence. The president will also be happy, the prodigal son is coming back. Better late than never. Janowski will be glad; Bartoszcze's breaking away from PSL will push the remaining group to the margin.

It is not possible to guess yet what the people in the rural areas may say. Maybe they will ignore the elections, disappointed with the next war at the top.

## YUGOSLAVIA

### Nation Without Internal Borders Advocated

91BA0469B Belgrade NIN in Serbo-Croatian 29 Mar 91 p 44

[Article including "excerpts" of an interview with Dr. Sima Mraovic, chairman of the Forum for Yugoslavia Without Internal Borders, by Toma Dzadzic; place and date not given: "Yugoslavia Without Internal Borders?"—first paragraph is NIN introduction]

[Text] A group of our Parisians has registered a political party in the homeland—the Forum for Yugoslavia Without Internal Borders—and has launched a petition drive calling for a referendum on a proposed Yugoslavia without republics and provinces—neither federal nor confederal, nor unitary, but rather a citizens' state.

With Yugoslavs in the country and in the world, Yugoslavia will enter the 21st century without internal borders.

This is the basic slogan of the political movement Forum for the Republic of Yugoslavia (registered with the Federal Secretariat for Justice and Administration), which was launched by a group of our citizens in Paris.

The Forum's headquarters are located at Ulica Generala Vasic 6, 11000 Belgrade, and in France—47 Rue d'Hauteville, 75010, Paris.

The first action by this forum, a petition, has already attracted a large number of signatures by people who consider themselves Yugoslavs in France and in Yugoslavia.

In it, they call for a pan-Yugoslav referendum in which Yugoslavs would have the opportunity to indicate whether they are in favor of a Yugoslavia without internal borders. And the question of whether Yugoslavs will have the opportunity to influence their own destiny will to a certain extent depend on this petition, because right now the republican governments alone are deciding whether their citizens can express their opinions under their authority.

The petition will be submitted to the Assembly of Yugoslavia, and copies will be sent to the Commission for Human Rights in Geneva, the European Parliament, and all governments of Western Europe, in order that the world know that there are also Yugoslav citizens who want to preserve a unified Yugoslavia.



"We are in favor of a Yugoslavia without republics and provinces, organized solely on a regional basis," says Dr. Sima Mraovic, the chairman of the Forum and a neurophysiologist at the National Center for Scientific Research in Paris, explaining to NIN the group's basic principle. "We propose that Yugoslavia be organized into a contemporary state like those in Western Europe. This means a state with one parliament, one constitution, one flag, one national anthem, one president, and, of course, only one government."

#### Like in Europe

Considering this view of a possible structure for Yugoslavia, the question is whether a state contrived in this way would have any chance of getting a majority of the votes of the current population of Yugoslavia in a potential referendum on a Yugoslavia without internal borders.

"This country has no other chance!" our interlocutor believes. "I am convinced that the crisis can be resolved neither through confederation—because it is impossible to split up the peoples in our territory—nor through federation—because the way in which our politicians have conceived of it would be an inexhaustible source of divisions, dissension, struggles for power, hatred, and everything that would be imposed by the republican rulers, who are primarily looking after their own interests, not the interests of their peoples. Because of this, we are fighting for a third alternative, but not for the sake of experimentation, but rather in order that we accept a governmental structure as affirmed in the democratic world. And that structure is not a state of peoples and national minorities, but rather a citizens' state."

Within the framework of a Yugoslavia such as this and based on the European model—because that is what we aspire to—all specific qualities of its citizens would be realized solely through people coming together on the basis of regions created precisely according to the specific conditions under which they live. Just as in Europe.

Leaving aside our definition of what a nationality is and what a state is, a nation has a right to secede according to the Helsinki Final Act. But which nation?

"A nation that was under colonial rule has a right to secede. But that right cannot be enjoyed by, say, the Slovene nation, because this is in direct conflict with all international agreements that guarantee the integrity of the territory of Yugoslavia."

"Besides all this," says Dr. Mraovic, "as a citizen of Yugoslavia, I am part of the Slovene part of the territory of Yugoslavia as well, and no one can truncate any part of it unless I too am asked for permission to do so. In other words, unless all Yugoslavs are asked about the secession of any part of the territory of Yugoslavia."

[Dzadzic] But what if, say, the entire Slovene nation votes against a Yugoslavia without internal borders and

in favor of secession, while it is outvoted by Serbs, who outnumber them in Yugoslavia?

[Mraovic] There are members of other groups as well who are perhaps for secession or for remaining in Yugoslavia, and we think that there are many pro-Yugoslav people among the Slovenes and Macedonians as well. Nevertheless, we are not looking at national, religious, political, or any other affiliation. After all, no one in Europe asks people what their religion or political orientation is; rather, they only consider the question of whether civil rights are being violated.

#### Official Language

The basic goal of the Forum for Yugoslavia Without Internal Borders is to finally put an end to the divisions in this country whereby there are six republics, six states, six governments with all the ministries. This nation cannot support this economically, nor does Europe want it.

"We will prove this in a month's time, because the one-month petition drive will be concluded on 27 April."

[Dzadzic] How many signatures are you counting on?

[Mraovic] More than a thousand signatures were gathered only in the first days of the petition drive in France, and information on our movement is available in Yugoslavia from Milutin Lukic in Borovo, Ulica Vase Djurdjevica 21, telephone 056/69-401 (from 2100 to 2300).

It is important that people sign this petition in all regions of Yugoslavia. However, only one signature is sufficient, because on the basis of the European Convention on Human Rights, anyone who is prevented from expressing himself on the level of his country can be regarded as being deprived of his rights. One person can also bring legal action against his country before the European Court, which many people have in fact done. In practical terms, not only are we unable right now to conduct a pan-Yugoslav referendum, which represents a violation of our rights; we are even unable to respond legally to situations where federal laws are currently going unheeded in Yugoslavia.

"Let there be no misunderstanding: The referendum would not be 'for' Yugoslavia or 'against' Yugoslavia," says Dr. Mraovic, "because no one has the right to destroy that which the previous generations have created. And we are not talking here about some form of unitarism either, as any support for a unified Yugoslavia is usually called; rather, what we are talking about is a decentralized, contemporary state divided solely into regions. So let us debate this issue—is this type of Yugoslavia, without internal borders, a good thing, instead of how things stand today, with secession, separation, an arms buildup...or maybe even civil war!" Dr. Sima Mraovic proposes.

"Even today, we Yugoslavs abroad resolve the language question, for example, very pragmatically, a question that is indeed politically exploited in the homeland in the sense of sowing dissension and not bringing the peoples together. Those of us in other countries introduce ourselves as if we all speak the Yugoslav language, because otherwise how would we explain to foreigners that because of inappreciable nuances this language is

Serbian, Croatian, or something else. Because of this, we think that here in Yugoslavia as well, the common official language should be one language that would be called the Yugoslav language, with which the state would moreover be identified. Of course, this does not exclude the right of individual nations and minorities to use their own language."

## POLAND

### Defense Industry Restructuring Going Slowly

91EP0418B Warsaw POLSKA ZBROJNA in Polish  
22-24 Mar 91 p 4

[Interview with Commander Aleksander Ochal, secretary of the Team for Reform in the National Defense Organization, by Lieutenant Colonel Andrzej Medykowski; place and date not given: "The Defense Industry Is Not an Oasis of Welfare"]

[Text] [Medykowski] An effort has been made to transform the Ministry of National Defense into a civilian organ of state administration. What will be the tasks of your team?

[Ochal] The concept of transformations and future structures of the Ministry of National Defense will be developed in teams headed by Deputy Minister Janusz Onyszkiewicz, Deputy Minister Gen. Div. Zdzisław Stelmazuk, Secretary of State in the Chancellery of the Council of Ministers Jacek Stankiewicz, and Undersecretary of State in the Ministry of Industry Stanisław Padykula. A proposal for new structures in the defense industry adapted to the new format of the Ministry of National Defense and the Armed Forces, will be prepared by our team. We intend to create an efficient system for manufacturing combat materiel for the Armed Forces at the domestic enterprises of the defense industry.

The team was set up in early March; it includes representatives of the Ministry of Industry, Ministry of Finance, the Central Planning Administration, the Ministry of Foreign Economic Cooperation, the Ministry of National Defense, and defense industry enterprises. Guidelines for our work have already been established; there are also regulations for the work of the commission. I believe that these documents will bring order and discipline to our work, but will not bureaucratize it.

[Medykowski] The process of restructuring in the defense industry has been under way for quite a long time now; the reasons for it are known. However, it appears that expectations have not yet been fulfilled.

[Ochal] The reasons are found both inside the country and outside it. The excessively expanded defense industry began to lose orders three years ago, and it became necessary to reduce production. Switching to the production of general purpose products was a way out, actually, it is still under way. However, recession set in together with last year's changes in the economic system. There was no money with which to buy goods which finally filled the market. The Ministry of National Defense also does not have enough money. Therefore, the way in which the defense industry adjusts to these changes is a highly significant but also extremely difficult issue. Some enterprises have not succeeded in doing this in a satisfactory manner, one which would result in material and financial benefits.

[Medykowski] It would be difficult to create an oasis of welfare during an economic recession.

[Ochal] Enterprises of the defense industry producing armaments and military materiel are definitely not such oases. I will recall in this instance that so-called special products account for more than one-half of total output only in exceptional cases; sometimes, they account for a small fraction only. It would appear that reducing this amount should not pose great problems.

However, the understandable need exists to keep a segment of production potential at the ready in order to start production in the case of a threat. Usually, this potential in the form of machinery, equipment, materials for production, and first of all skilled employees cannot be fully used for other purposes. Of course, this costs money. In conjunction with this, the question of who is going to pay is very significant in practice.

[Medykowski] Who should pay costs of this nature?

[Ochal] Since enterprises are obligated by their parent agency to maintain certain production capacities, it is necessary to have a legal arrangement so that they do not suffer losses due to this. Specific proposals in this regard are found in the draft resolution of the Council of Ministers prepared by the Ministry of Industry. A draft "Guidelines for the Organization and Financing of the Defense Industry" has also been developed.

[Medykowski] What are their main premises?

[Ochal] It is assumed that the enterprises of the defense industry will be divided into two groups. The first group will include enterprises which manufacture basic special products for arming the Armed Forces, in principle, so-called final products. The enterprises in this group will be able to join partnerships in which the share of the State Treasury will be dominant. This will make it possible to preserve the influence of the state on the type and volume of special products which are significant for its defense capability.

The creation of partnerships will be predicated on the consent of the Council of Ministers, and economic operations will be in keeping with the rules of a market economy. Between 20 and 30 enterprises may end up in this group.

The second group will consist of the remainder of enterprises which still have the so-called status; these will be private enterprises and companies operating on the basis of market rules.

Voluntary contracts under civil law will be the main form of meeting the needs of the Ministry of National Defense and the Ministry of Internal Affairs with regard to these groups.

[Medykowski] The following question arises: How will the interests of the Armed Forces be guaranteed?

[Ochal] The scope of organization, operation, and financing of the defense industry is specified in the guidelines which we have developed. There should be no problems with deliveries for the Armed Forces. The guidelines were reviewed in the course of the proceedings of the Economic Committee of the Council of Ministers. At present, the ministry is amending certain provisions with a view to refining individual wordings. I believe that they will soon assume their final format and will be implemented.

[Medykowski] May we conclude from this that the life of defense industry enterprises will get easier?

[Ochal] We should be cautious about this kind of conclusion. At issue is primarily the creation of conditions which make it possible for the defense industry to operate normally. The burden of special tasks should not cause losses to them, as in the case of the already mentioned spare capacity for special products.

[Medykowski] Thank you for the interview.

#### Future Direction for Defense Industry Noted

91EP0418A Warsaw POLSKA ZBROJNA in Polish  
25 Mar 91 p 4

[Interview with Wladyslaw Gawel, Sejm deputy from the Lower Silesia region, by Jan Moskwa; place and date not given: "The Defense Industry in Retreat—Who Will Arm Us?"]

[Text] [Moskwa] The armament of our armed forces is obsolete; it does not meet the requirements of a modern army. This view is also expressed by the deputies in this term. This is why we should, perhaps, note with concern the fact that only 6.4 trillion zlotys was allocated in the military budget for the development of combat materiel.

[Gawel] I do not entirely subscribe to the view that our armed forces have obsolete combat materiel. For example, I believe that radio-technical troops operate modern equipment. However, I must admit that there are still not enough superior electronics. As the experience of the war in the Persian Gulf indicated, at present military success hinges precisely on such electronics. We should also draw appropriate conclusions from the Iraqi loss; from all accounts, this was the fourth largest army in the world. It is not only materiel that lost in the Middle East but a doctrine of carrying out combat operations.

As far as the budget of the defense department is concerned, there is a dilemma for me here. On the one hand, we want to maintain budgetary equilibrium, whereas on the other hand, individual ministries claim for themselves the cuts of our exceedingly small pie. Restricting funds for the development of combat materiel is not the most fortunate solution because now is not the time to do this, taking into account the abnormal situation across our eastern border. The psychosis of

public self-appeasement and a failure to perceive dangers, which some deputies have also succumbed to, is what should make us uneasy at present.

[Moskwa] In what direction should our defense industry develop?

[Gawel] Precisely in the direction of electronics. We do not need tanks but rather computerized command systems and systems for locating the enemy in the air, as well as systems for combating means of air assault. We also need a modern air force.

However, in this field we cannot bet on our domestic products. We should state regretfully that we have wasted the entire postwar period by failing to develop this industry. We did have excellent projects and interesting designs of combat aircraft. Banking on armor was the wrong concept. I think that those who have put our aviation industry on the back burner should not feel satisfied.

The production of armaments results in certain benefits for all states. Of course, the moral aspects of the undertaking are debatable, but since others have no scruples.... It is also worthwhile to observe that the armament industry is precisely the best pioneer of progress. For this reason, it should not be radically wound down, since at present there is no opportunity to expand this industry.

[Moskwa] A segment of the production capacities of the defense industry is being converted to civilian production. How sound is this from the point of view of the national economy, given a decline in industrial output by more than 30 percent which has been registered recently?

[Gawel] Whether we like it or not, the defense industry proceeds from certain peculiar premises. It always has spare production capacity. These reserves may always be put to use in extreme situations such as, for example, a threat to the existence of the state. This spare capacity may be easily used for civilian output. However, the point is that a return to the original condition takes a long time, too long from the point of view of the defense capability of the state. This is not to say that I am an opponent of conversion. However, it should be introduced in a rational and imaginative manner. Spectacular gestures are not advisable in this sphere, to say nothing of simulated moves which we dealt with until recently. One thing is certain—we cannot disarm because the consequences of that action for our sovereignty may be catastrophic.

[Moskwa] There are at least as many opponents of the privatization of the defense industry as there are supporters.

[Gawel] Defense industry enterprises are, and will be, subject to the same rules of a market economy as all industry. Therefore, they must be subject to privatization with one reservation, however, that defense industry enterprises whose products are highly significant for our defense capability should be transformed so as to retain

state control over them. If this condition is met, I see no reason to not privatize some of them. I do not think that too many enterprises from this industry will have to be kept under state control.

This is all the more so because changes in the equipment of our army will proceed very rapidly; it will be necessary

to create new systems which are in line with the continuously changing battlefield. Meanwhile, as our experience suggests, the state industry has a certain inertia. Personally, I envision the following solution. Several, or a dozen or so, key state enterprises should exist which cooperate with private companies producing parts for armaments. These may very well be the current smaller state enterprises of the defense industry.

[Moskwa] Thank you for the interview.

## CZECHOSLOVAKIA

**Ecological Damage by Occupation Troops Viewed***91CH0510D Prague REPORT in Czech 6 Mar 91 p 2*

[Unattributed interview with Major General Svetoizar Nadovica, chief of Federal Ministry of Defense office for coordinating the departure of Soviet soldiers from the CSFR; place and date not given: "Too Little Rent"]

[Text] The departure of Soviet soldiers from our territory is certainly a topic on everyone's mind. This is clear not only from the constant public interest, but also from what the foreign soldiers are leaving behind them. This is further confirmed by the words of the chief of the Federal Ministry of Defense office for coordinating the departure of Soviet soldiers from the CSFR, major general Svetoizar Nadovica, who granted our request for an interview.

[REPORT] A few hours ago the last fighting division of the Soviet forces left our territory. On this occasion we want to ask you for your evaluation of the course of the departure to date?

[Nadovica] The departure is proceeding successfully. We are not only adhering to the schedule, but thanks to good coordination and cooperation that followed proper and fundamental discussions we are even ahead of schedule in the moving of some units. I can say that the most difficult tasks, i.e., moving the weapons, people, munitions and other material are proceeding very well.

Nevertheless, we are aware of public fears of the great power of the Soviet soldiers now dislocated in the countryside. Currently on our territory are only one motorized rifle regiment, a reconnaissance battalion, and a defense battalion. They are armed with 152 armored personnel carriers and transporters, 29 tanks, and 30 main artillery pieces and mortars. We did everything possible to assure that the tanks left by the end of March, at the latest in April. There will be no units at all on our territory by the end of May.

[REPORT] This implies that 30 June 1991 need not be the last day for the departure of Soviet soldiers.

[Nadovica] In June the only question will be a liquidation group at the Milovice installation. This group is supposed to complete its work so we can sign the final protocol on the fulfillment of the intergovernmental agreement dated 26 February 1990 between 21 and 25 June 1991. This signature determines the day when the last Soviet soldier leaves our country. They will sign the final protocol.

[REPORT] In conjunction with the departure almost nothing has been said about the role of our officers in its smooth execution. What is your view of the efforts of our soldiers to do their duty related to the departure of the Soviet soldiers

[Nadovica] I think that the efforts of our soldiers were recognized by the parliamentary commission supervising the departure, in particular delegates Kocab, Stome, Kuzilek, and others. I think the role played by the regional military housing and construction administrations should be emphasized, where the commanders, colonel Jarkovsky and lieutenant colonels Badin, Miazdra, and Gottwald, along with others, executed their orders very responsibly. I also want to recognize the teams in charge of the pyrotechnic and chemical tests and security for the facilities being vacated by the Soviet forces. Our public itself has seen this essential role played by the army and values the work of our soldiers. We are handling, you see, not only issues related to the departure, but also injuries to citizens from traffic accidents and other damages. We have been helping hundreds of people.

[REPORT] Several times the public has been upset by stories of the sale of ammunition and firearms to our citizens. Do you think they should be concerned?

[Nadovica] We have made clear our position on the sale of guns and ammunition on several occasions. I can assure you that we have not yet been able to identify a stolen or sold weapon from the arsenal of the Soviet soldiers that has been used for robberies or violent attacks. Over the past year the police have not even once approached our office with a request for us to participate in solving such a crime. Ammunition has been sold. We have dealt with this matter with the appropriate Soviet commanders and are working jointly to reduce these sales to a minimum. We are concerned that these dangerous things not make their way into the hands of children, so they are not wounded. Certainly explosives are involved here too. Our activity has been directed at getting the Soviet side to take measures to prevent the sale of ammunition and weapons. This does not preclude the possibility that an irresponsible individual who is not thinking about the consequences, might sell anything available for money.

[REPORT] A distinct and still open question is that of financial compensation between the CSFR and the USSR. What is the current status of this problem?

[Nadovica] The property and financial questions are the most difficult and are causing a lot of trouble. We are in the third round of expert discussions. We are trying to assert CSFR demands that everything that has been damaged and destroyed be properly studied, documented and paid for. We want not a koruna more from the Soviet side but intend to insist that all our claims be honored. Currently the problem is to get the Soviet side to pay for damages from the period between 21 August and 18 October 1968, when no agreement had yet been signed about "temporary" stationing.

[REPORT] And what about the issue of rent for the use of barracks, apartments, and other facilities?

[Nadovica] The problem of unpaid rent results from the fact that in 1969 the Soviet forces received from us a



housing and general purpose fund under unequal conditions. From an expected rent of 300 million Czech korunas [Kcs] annually, the unequal conditions of the agreement forced the rent down to Kcs95 million. In the end, for no particular reason, we were paid Kcs25 million annually for rent. This rent remained the same through last year, despite the fact that in the interim we built many additional facilities for the Soviet soldiers. Our authorities did not even dare to ask for any increase in rent. We are therefore demanding that the rent be paid.

[REPORT] What will be the fate of the facilities used by the Soviet forces that no one will use in the future?

[Nadovica] Facilities such as command and control centers do exist. If the Soviet military do not succeed in selling them to anyone, they will be mothballed, or eliminated. The Soviet side is trying to find someone to buy these facilities. It cannot certainly request compensation for them, and will only be able to sell that for which they find a buyer. I think that we will still talk about these facilities.

[REPORT] Have there been any estimates, even approximate ones, of the ecological damages?

[Nadovica] In discussions of the ecological damages we agreed that the Soviet side would pay for damages caused by ground water and soil contamination that can be proven. A joint ecological commission is now working intensely, containing experts from both countries. It is conducting hydrogeological research, after which it will develop plans for cleanup and determine how much everything will cost. The rough estimate of the ecological damage exceeds Kcs1 billion. A more precise figure will be available by the end of the year.

#### Examination of Land Privatization Law

91CH0510E Prague HOSPODARSKE NOVINY  
in Czech 14 Mar 91 p 4

[Article by Eng. Jiri Huml and Eng. Tomas Doucha, Czech Institute of Agrarian Economics: "Where Restitutions Will Lead"]

[Text] Land law proposals:

- Concerning codification of land ownership relations—Federal Government.
- Concerning land ownership and agricultural property—delegate Moskal (Czech National Council).
- Concerning land, property, and entrepreneurship in agriculture and the food industry—delegate Borgula and colleagues.
- Concerning codification of land ownership and use of land, buildings, and other agricultural property—delegate Tyl and colleagues.

This article is intended to call attention to the economic consequences of the land law. After a brief historical overview, it presents preliminary calculations of the

public expenditures associated with various levels of reinstitution of land ownership rights.

Beginning in 1918 the Czechoslovak Republic experienced a number of reforms concerning ownership of agricultural and other land. For purposes of this article we consider agricultural land to include arable land, land designated for intensive raising of garden crops, gardens, orchards, hop fields, vineyards, nurseries, permanent meadows, pastures, small tracts, and fallow land.

#### Brief History

The first, fairly complex reform, was initiated immediately after the founding of the Republic in 1918. Its start can be considered to be the Government law on the breakup of large estates of 13 November 1918. This was followed by a law concerning extraordinary temporary ordinances in Slovakia, and a law for the temporary protection of forests. The actual first land reform was initiated by the confiscation law, No. 215/1918, Laws of the Czechoslovak Republic, concerning the seizure of real property. This law provided that in order to implement land reform the government would occupy large land holdings, namely those in excess of 150 hectares of agricultural land or 250 hectares of all land, if the property belonged to a single or joint owners. Municipal land was exempted from the confiscation and exceptions could be made for up to 500-hectare-holdings if they were being managed effectively. The allocation law was passed on 31 January 1920, and was followed on 8 April 1920 by a compensation law. The actual reform was started in 1922 and completed officially by the General Accords of 1935-36, when most of the as yet unallocated land was returned to its original owners. Land confiscated for the reform was purchased by the government from the owners for a transfer price.

In addition, in 1929 the government also owned land obtained in part before the reform, mainly by confiscating land from the nobility and the church.

In addition to the aryanization and Hungarianization of land during the war, other action affecting land ownership included Presidential Decrees Nos. 5/1945 and 12/1945 which were valid immediately and confiscated without compensation agricultural property belonging to Germans, Hungarians, traitors, and enemies of the Republic, corporations and stock companies that had served the Nazis and fascism during the war, with the exception of individuals who had been active in the resistance.

The goal of the revised first land reform (Law No. 142/1947) was basically to conclude this land reform as it had been started before the war. On the whole, though, the land acquired was not equal to the original area confiscated under the 1918 law.

A review of the first land reform was undertaken later, in conjunction with the second land reform. This was implemented by Law No. 44/1948, which amended the review law for the first land reform, and No. 46/1948

concerning the new land reform. This reform was implemented in 1949. It encompassed all farmed land in excess of 50 hectares in size for a single farmer, and all land not under cultivation. Churches and religious organizations could retain no more than 30 hectares. As in the first reform, the government purchased the land it was confiscating. The compensation was equal to the 10-year average market price or 20 percent under the current market price, with the actual price determined by government decree.

Table 1 (1950) shows the distribution of land ownership in the Czech Republic after the completion of the land reform, before collectivization.

Table 1

	Agricultural Land (hectares)	Other Land (hectares)
Total	4,679,003	3,185,476
State forests	101,151	1,738,033
State farms	456,461	55,080
United Agricultural Cooperatives [JZD]	753	35,826
Private farmers	3,032,538	339,138
Communities	146,751	520,105

The listed parcels come from a sectoral classification of land which, in the absence of more precise data, equated with land holding. If we compare these figures with the area of land that is worked privately today (as of 1 January 1991) it is clear how large a portion of land was affected by collectivization (Table 2).

Table 2

Area (in hectares)	Number of Farms	Total Area (hectares)
0.1—0.5	547,248	116,832
0.5—2.0	51,635	41,655
2.0—5.0	3,035	9,433
More than 5	882	8,113
Total	602,800	176,043

The legal foundation for the collectivization of Czechoslovak agriculture was Law No. 69/1949 concerning united agricultural cooperatives, and its implementation ordinance, No. 75/1949, including the legalization of model statutes for the agricultural cooperative. Other intrusions into ownership undertaken at the time of collectivization were legalized for the most part by Law No. 123/1975, concerning the use of land and other agricultural property for production.

#### Approximate Calculation

For an approximate calculation of the expenditures associated with reinstituting land ownership rights and restitution we made these assumptions:

- Land for which financial restitution must be made is land that no longer physically exists or which has permanently been removed from agricultural use.

- Existing land can be returned to its original owners in a way that allows them to return it to its status prior to collectivization. This is probably not that complicated because most of the land worked by cooperatives has retained its original ownership (although it is unrealized), and for government land we should be able to work something out.

In order to establish expenditures related to restitution, one must know the average price of agricultural and other land. For agricultural land we used an approximate average official price of 55,096 Czech korunas [Kcs] per hectare, calculated for a three percent discount rate. For other land, which is more than 75 percent forest land, we established a price using average forest land price derived from expert estimates and the official price of forest land by stands. The estimates also took into account damage to the forests. The price was established at Kcs116,362 per hectare at a three percent discount rate. The relatively low discount rate is used for the estimates intentionally because we are dealing with stationary natural capital assets. In agriculturally advanced countries comparable land is also evaluated with a low discount rate, no higher than four percent. If restitution is to extend to other real property related to agricultural land, we can take a worst case scenario from delegate Tyl, namely the average capital equipment per hectare of land for 1990, or Kcs33,329. We made our own estimates for three variations of a transfer over time.

A. Restitution and reinstitution of land ownership rights while retaining the outcome of the land reform

B. Restitution and restitution of land ownership rights while rejecting the results of the second land reform

C. Restitution and reinstitution of land ownership rights while rejecting both the outcome of the second land reform and the revised first land reform.

Table three presents aggregate data related to these restitution scenarios.

Table 3

Variant	Land Only	Land and Tangible Property
A	23,403.8	37,561.4
B	33,352.8	52,051.0
C	93,323.3	117,879.1

#### Our Conclusions

The most economically acceptable variant is the one that covers the collectivization period while retaining the results of the land reform. Even here, though, a number of legal conflicts arise especially in regard to the economic and technical working of the soil. In cases of forced donation it should be possible to announce, for the period in question, a several month moratorium on



donations of land (assuming that any donations in that period are forced donations) and only then to consider all land that had not been requested to be returned as freely donated. For this variant we can anticipate expenditures of about Kcs23 billion, at the expense of taxpayers who for the most part were born long after collectivization. Also possible would be a backward shift, rejecting the outcome of the second land reform. This would result in expenditures of about Kcs33 billion, accompanied by clear inflationary pressure (in the sense of submitted draft laws) of about Kcs7.5 billion from parallel ownership. If restitution were to apply to other real property, expenditures could reach Kcs38-52 billion.

Rejecting the outcome of both the second land reform and the revised first land reform seems scarcely acceptable from a purely economic viewpoint. One must realize that that this would mean the freeing up, for agricultural land alone, of Kcs17 billion of purely inflationary money. A closer look indicates that the first land reform, undertaken by Antonin Svehla, concerned mainly forest land. This means that Czechoslovakia has a 70-year-long tradition of government forests. Returning a majority of the forests to private hands would mean a radical departure from the principles on which the Czechoslovak Republic was founded in 1918.

#### **Banks, Not Welfare Agencies, Warn SBCS Chief**

91CH0510C Prague HOSPODARSKE NOVINY  
in Czech 22 Mar 91 pp 1, 3

[Unattributed article: "Banks Are Not Welfare Offices"]

[Text] The chairman of the Czechoslovak National Bank [SBCS], at a Wednesday seminar with Federal Assembly delegates, referred to the current state of business as a sales crisis without precedent in our economy.

Despite the fact that the seminar was held in the evening, it grew, after introductory remarks by J. Tosovsky into a rich and open exchange of views by delegates on the economic committees of the Federal Assembly. What is currently happening is no great surprise for those of us at the bank, stated J. Tosovsky, and added that the difficult financial situation of enterprises is simply the logical beginning of reform. He mentioned in this regard also external influences, above all the disintegration of the CEMA market and of trade with the USSR. Payment conditions have also changed, including the transition to world techniques for providing credit. Comparisons of January figures for 1990 and 1991 indicated a 47 percent decline in trade with the USSR, and this included "rushing" to finish contracts for last year. Current contract signings are running at 10 percent of last year's levels. J. Tosovsky called this situation, very frankly, a sales crisis without precedent in our economic history. The SBCS agrees with government figures on unemployment (they do not have different indicators) and inflation (30 percent), but differs on the question of economic decline: the government "plans" a five percent decline,

while SBCS projects a 10 percent drop. A balance of payments deficit of about \$2.5 billion is also unusual for usually cautious Czechoslovakia. The chairman noted that one of the critical tasks for the upcoming months, rather weeks, is to stabilize price increases, preventing a "flight to inflation," and explained why he considers the time pressure to be important. The planned increase in credits of 20 percent amounts to a net decrease, because inflation is higher (30 percent). The SBCS had planned for credit growth of 9-10 percent for the first quarter but the reality was much more modest (one percent). The central bank chief explained this as resulting from a total change in the revenue position of enterprises (changes in taxes, subsidies, etc.) in which both banks and firms found it difficult to find their footing.

After commenting critically on developments early in 1991, J. Tosovsky proceeded to outline certain decisions. In his opinion, when the market mechanism is poorly developed the central bank must provide commercial banks with recommendations to help them orient themselves, but not the way this was done by the previous planning commissions, which set the volume of credit allowed for certain regions. He considers a first step to be activity both by enterprises and by all three governments. In his view the federal government needs to increase its efforts to find markets for Czechoslovak businesses, including rebuilding ties with the USSR, for which he predicts there will be increased interest on the other side as well. Markets need to be sought after in the European Community as well, in addition to areas such as the Persian Gulf. He thinks it is necessary for all three governments to clearly formulate an industrial, agricultural and sectoral policy. On the other hand he considers it negative to be procrastinating on certain decisions, such as the fate of nuclear power plants and other "backlogged" items from the former regime (investment in the USSR, etc.) He also criticized promises of cheap credits for any area of the economy, because these are not feasible for banks. The situation in certain agricultural products, such as milk, he called a crisis of overproduction, and incompatible with attempts to maintain high prices with the help of credit policy. He also mentioned discussions with J. Vrba, minister of the Czech government, and the offer of J. Kucerak, deputy chairman of the Slovak government, to participate in joint efforts to compensate for market shortcomings by determining the number of threatened firms already facing bankruptcy, and deciding if it might not be appropriate to "interject the visible hand of the bank alongside the invisible hand of the market." Selecting firms that will be allowed to fail is complicated however by the lack of a bankruptcy law. Resources can only be reallocated, not increased, so as to avoid initiating an inflationary spiral.

On the assignment of TOZ [expansion not given] credits to a Consolidation Bank he stated that that bank is intended to be only an intermediate step. The SBCS will lobby for turning it into a national property fund because it is dealing with what are not really credits in the

banking sense of the term. To tighten financial discipline the banking system is making several technical modifications, including the introduction of banker's acceptances, and the mutual calculation of receivables is ongoing.

On foreign debt Tosovsky stated that it remains at approximately \$8.1 billion, but that claims in the USSR alone amount to \$3.2 billion when calculated at a ruble-dollar ratio of 1:1 (excluding our investments into integration projects). However, the USSR is almost insolvent and we cannot afford to deal with the situation with additional magnanimous credits like the rich FRG. The foreign currency reserves of the country are set on a monthly basis, convertibility is proceeding well, and devaluation poses no threat.

After this summary the delegates asked the SBCS chairman questions.

Delegate Venek Silhan was interested in general questions of systemic defects in the economic reform (if the central bank chief sees any), supply (earlier shortages and current surpluses) and concerning his view of the role of the government during the transition period. J. Tosovsky considers it a systemic defect that the role of the government went from one extreme to the other, relinquishing positions too quickly in a still nonfunctional market economy. The delay of privatization is another, the first round of which will not be completed before early next year. "As an economist, I cannot accept restitution," he stated in response to a question, and added that the delay of privatization has retarded the influx of foreign capital. He considers the inadequate preparation for price deregulation to be a "flaw" that allowed certain dishonest businessmen to earn even 200,000 Czech korunas [Kcs] in a single month; "they laugh and say, onward and upward." Regarding devaluation he noted that there was no other way given the economic reform scenario, and pointed to the gigantic revaluation in the former GDR (exchange of marks at 1:1), which is now considered to have brought the economy to its knees and caused immense unemployment.

On possible threats to efforts to keep a leash on inflation he added his own fears: of the consequences of the increase in wages forced through by unions to compensate for price increases, and of the consequences of the increased fuel and heat prices for the population. These increases should have been implemented as of 1 January 1991 in his view, i.e., at the time the price level was being jacked up. Further destabilization later on could have a negative impact on an already volatile price level.

To the question of where our gold stock is stored and how much there is, he stated that one third is deposited at solid banks in London and Switzerland, and is used to temporarily cover borrowing, and that the remaining two thirds is at various locations in the Republic. We have a total of about 105 tons of gold in bullion and coin, some of which now has great historical value. The status

of foreign currency reserves does not allow us to adopt a more open monetary policy.

To criticism of the failure to deregulate foreign currency exchange for citizens (Kcs2,000, as of 1 April Kcs5,000) he noted estimates of private savings at \$10 billion and the threat this could pose (withdrawals and exchange) to foreign currency management. It would be sure to destroy the foreign currency black market, but black market rates fluctuate at only 10-15 percent above the official rate, which he termed "an interesting development."

The delegates also criticized the exchange of korunas in Austrian and German banks and feared the possible misuse in our economy if currency obtained in this way. Tosovsky replied that the SBCS has not been inactive in the matter and has intervened in Austria for example, but that banks there have the right to trade in any currency they please, and the government cannot stop them. After consultations the SBCS concluded that initial estimates of Kcs20 billion in these institutions was greatly exaggerated, that the actual figure is more in the range of Kcs1-2 billion which is not enough to pose a threat.

In conclusion, the chairman of the SBCS told the delegates that the work the bank does is not visible, but has results. There is a functioning secondary securities market, a securities exchange is almost ready, with its preparatory commission in the process of registration, legislative work is proceeding. The privatization is expected of all large national banks. There are currently 12 foreigners interested in the Zivnostenska Banka and capital market competition is an additional component of demonopolization along with the operation of foreign bank branches and an increase in the number of domestic banking institutions.

## HUNGARY

### Russians Replace Polish Miners for Lower Wages

LD0905092491 Budapest Domestic Service  
in Hungarian (0900 GMT 9 May 91)

[Text] In the Veszprem coal mines Polish miners are being replaced by their Russian colleagues. The decision in the Dudar plant was made because the Poles were already asking \$5 an hour while those arriving from the Soviet Union are willing to work for \$3.50. For the time being, the Russian miners are in Hungary under a one-year contract, but should a Hungarian miner apply for work their contract may be terminated within a month.

### Soviet Rail Freight in Transit Fee Difficulty

LD0905140191 Budapest MTI in English 1256 GMT  
9 May 91

[Text] Budapest, 9 May 1991 (MTI-ECONews)—Payment problems affect some areas of Soviet railway

transit transport, Dr. Janos Ban, head of the sales department of the Hungarian State Railways (MAV) told MTI-ECONEWS today.

The problem is rooted in a Soviet regulation prohibiting Soviet companies from making foreign trade agreements that involve them paying the transit fees.

For this reason MAV must, in theory, refuse to carry consignments for which payments should be made by the Soviet party.

The FINANCIAL TIMES reported on 2 May that the Finnish State Railways had been forced to cancel all Soviet transit shipments because of the large sums owed to them by the Soviet Soyuzvnyeshttrans transport company.

MAV has, however, found a stop-gap solution. It has made an agreement with Asotra, a JV [joint venture] involving Soyuzvnyeshttrans and an Austrian company under which Asotra will provide bank guarantees and pay the transit fees for any cargo passing through Hungary to or from Austria regardless of the terms of delivery specified in the bill of lading.

Unfortunately, no similar arrangement has been made for transit deliveries between the Soviet Union and Yugoslavia and thus goods trains destined for Yugoslavia are sitting in sidings at Csap on the Soviet-Hungarian border. Soyuzvnyeshttrans is unable to comply with MAV's request to provide general payment guarantees or a cash advance for the transit fee.

In fact, MAV usually deals with consignments on a case by case basis and allows through those which are most likely to be paid for.

Dr. Ban said, however, that MAV hopes to reach a payments agreement with one of Soyuzvnyeshttrans' western partners concerning transit deliveries to Yugoslavia.

Dr. Ban was reluctant to disclose the exact level of Soviet transit transport through Hungary but admitted that it was affected by the general payment problems of Soviet companies and the Soviet railways.

#### **German Minority Questions Compensation Omission**

*LD0905142491 Budapest Domestic Service  
in Hungarian 1000 GMT 9 May 91*

[Text] Laszlo Salamon, chairman of the National Assembly Constitutional Committee, informed deputies this morning that those persons of German nationality in Hungary have submitted a question with 12,000 signatures to the National Assembly asking why they have been left out of the compensation. Laszlo Salamon stated that since the submission falls into the category of popular initiative it cannot be debated in accordance with the law. However, committee members have unequivocally decided that if the National Assembly

speaker proposes to the parliament to place the issue on its agenda in the form of a motion for a parliamentary resolution after all, the Constitutional Committee is willing to debate the issue in an emergency session.

#### **Various Enterprises To Remain State Property**

*91CH0506B Budapest MAGYAR HIRLAP  
in Hungarian 22 Mar 91 pp 1, 3*

[Article by Miklos Z. Hajduska: "A Privatization Strategy?"]

[Text] Yesterday we reported that there will be enterprises which will remain wholly state-owned, and others in which the state will retain a majority interest. The final list of such enterprises is not yet ready, but we have learned that preparation of the list was predominantly the work of the Committee on Privatization, which is part of the Economic Cabinet. According to our information, various ministries, namely, the Ministries of Justice, Finance, Labor, and International Economic Relations, as well as the State Property Agency took part in drawing up the list.

However, the list itself contains significant contradictions, aside from the fact that in years past such lists were repeatedly proven meaningless. Not to mention that, in the final outcome, the overwhelming majority of the lists published recently on the basis of various considerations have had no effect whatsoever on the real processes.

In this summary of our survey, the respondents concerned present their views.

To retain OKGT [National Petroleum and Gas Industry Trust] as a wholly state-owned trust simply makes no sense whatsoever. This is in part because the trust's enterprises that have converted into joint ventures so far mean that the firm is neither wholly state-owned nor wholly Hungarian-owned, and in part because it is hard to imagine the national oil company as wholly state-owned when the goal set for the Danube Petroleum Industry Enterprise (DKV) is a majority interest for the state.

In the opinion of Erno Ratosi, DKV's general manager, it should finally be decided how to transform OKGT into a market-conforming organization, and only then could decisions be made regarding the form and extent of privatization. Undeniably, DKV attracts the most inquiries from prospective partners, which is understandable. But it is difficult to imagine that DKV might be privatized separately. DKV agrees in principle with the state's retaining a majority interest in the petroleum industry, and has said so to all potential partners.

But it should be taken into consideration that the remaining 49 percent of equity would include a possible employee stock ownership plan, as well as more than just one minority stockholder.

Istvan Eszes, business manager of Raba Hungarian Railroad Car and Machine Factory, said that Raba did not know of the list, but it was familiar with, and accepted, the finance minister's standpoint that the state should retain a 51-percent interest in enterprises within key industries, also including firms that build highway vehicles, for instance. All of this is included in Raba's reorganization plan as well, which has just been approved; the restriction will apply to Raba Holding as a whole, but that does not exclude the possibility that foreigners' interest jointly might exceed 50 percent in some of Raba Holding's components.

At Ikarus the respondents did not know of any list. Incidentally, the combined economic rehabilitation and privatization of Ikarus, Csepel Motor Vehicle Factory and a part of MOGURT [Foreign Trade Enterprise for Motor Vehicles] has been in progress since September, under the joint supervision of the Economic Rehabilitation Organization and the State Property Agency.

The respondents at the Ministry of Industry have not heard of the list, either. However, in their opinion, it would be difficult to imagine the complete exclusion of foreign investment in a number of areas, such as the energy sector, for instance. There have been consultations on identifying the areas within certain "strategic" industries where capital participation might be desirable and to what extent; and in conjunction with this, the retention of a majority interest by the state or by Hungarian shareholders was also discussed, but wholly state-owned enterprises were not even mentioned. In the long run, that could also conflict with the proclaimed principles of privatization and a market economy.

TUZEP [Fuel and Building Materials Marketing], which now operates as a state-owned corporation, learned about the list from the newspapers. The Technika Foreign Trade Enterprise was likewise unaware that it was supposed to remain wholly state-owned. According to Tibor Miklos, the general manager, that does not affect their plans at present. In the near future they would like to convert the enterprise into a corporation, with the state as the sole shareholder. Peter Keresztes, the general manager of Hungalu, knew of the plans and agrees in principle with treating the aluminum industry and bauxite mining as a single strategic entity, and with letting it retain its national character. Laszlo Godo, the deputy general manager in charge of production at the Gedeon Richter Corporation (Kobanya Pharmaceutical Factory), said that their plans are in accord with the finance minister's statement. In their case, privatization is at a stage where the principle of the state's majority interest could still be applied to potential partners.

The list classifies also the large commercial banks as strategic national assets. Gyorgy Suranyi, the president of the Hungarian National Bank, is of the opinion that, for the time being, it truly would not be expedient to let foreign shareholders acquire majority interests in large banks. However, he would not legislate such a ban, and instead would merely issue a guideline to that effect. But

if we could agree with a potential foreign partner to help develop the given bank's internal information system, train the bank's personnel, expand the bank's network of branch offices, strengthen management and introduce new financial services; and if he were willing to give assurances of providing an infusion of foreign capital, of refraining from worsening the country's balance-of-payments situation, and of contributing in general toward strengthening competition; then the favorable effects of foreign capital's participation would be the dominant. In which case we would have no reason to exclude foreigners from participation in the privatization of large banks.

Oszkar Hegedus, the general manager of Budapest Bank, fully agrees that the largest commercial banks should remain national institutions. In his opinion, even a 49-percent interest held by foreigners would be too much. Foreign banks should come to Hungary preferably as separate institutions, mainly as investment bankers.

Tamas Rusznak, the deputy chief of the Inspectorate of Banking, agrees that the command posts in a changing economy should not be relinquished to foreigners. Once the economy will have stabilized, it will be possible to change our minds. Even the draft of the Banking Law calls for reducing the state's equity holding in banks to the specified percentage only by the end of a five-year transitional period.

The list of the enterprises that are to remain permanently 100 percent state-owned reads as follows:

- OKGT Trust Headquarters
- Geofizikai Kutató Vállalat [Geophysical Prospecting Enterprise]
- Kőolajkutató Vállalat [Petroleum Prospecting Enterprise]
- Kőolaj- és Földgázbányászati Vállalat [Petroleum and Natural Gas Producing Enterprise]
- Nagyalföld Kőolaj- és Földgáztermelő Vállalat [Great Plains Petroleum and Natural Gas Producing Enterprise]
- Gáz- és Olajszállító Vállalat [Natural Gas and Petroleum Transporting Enterprise]
- Magyar Villamos Művek Tröszt Központ [Hungarian Power Plants Trust Headquarters]
- Ajka, Borsod, Budapest, Danube, Gagarin, Oroszlány, November 7, Pécs, and Tatabánya thermal power plants
- Tisza Power Plant
- Paks Nuclear Power Plant
- Országos Villamos Távhvezeték Vállalat [National Power Transmission Lines Enterprise]
- Várospitesti és Tervező Intézet [Municipal Construction and Planning Institute]

#### Industrial Firms Predict Deepening Recession

91CH0533B Budapest FIGYELO in Hungarian  
28 Mar 91 pp 1, 8

[Article by Marton Peto: "Industrial Enterprise Forecast 1991: Deepening Recession"]



[Text] Industrial enterprises predict a deepening recession, uncertainty, and the strengthening of crisis in certain fields. This was revealed by this year's Economic Research Institute opinion poll on the 1991 expectations of industrial enterprises which jointly employ almost half the number of people involved in industrial production, and which may be credited for almost half the industrial production.

Industrial enterprises count on deteriorating market conditions this year. Production growth has previously been restricted mainly by the availability of resources needed for production (materials, workforce), by now

the lack of demand has become the primary cause for declining production. The ratio of idle capacities is on the increase. (Table 1)

Reduced demand can be seen in virtually every field of industry. About three fourth of the machine industry and chemical enterprises believe that their market positions will deteriorate. (In previous years only half the number of these enterprises felt that way.)

The limit on the ability to sell appears to become a permanent phenomenon in the food industry, moreover, in certain areas the restriction is gaining strength.

**Table 1. The Change in Factors Which Prevent Production Growth (in approximate percentages)**

	Industry				Machine Industry		
	1989	1990	1991		1989	1990	1991
Market situation	45	60	65		47	65	77
Technological level	4	5	5		8	4	7
Profitability	8	9	9		6	14	3
Domestic materials supply	15	8	5		12	6	4
Other	28	18	16		24	11	9

On-hand inventories of materials, productive parts [as published], and parts of component parts were somewhat smaller in early 1991 than a year before (at almost half the number of machine industry enterprises). At the start of the year, inventories composed of goods imported for both rubles and convertible currency declined as compared to the previous year mainly in the machine and light industries. The enterprises claim that although production related procurement from both Hungary and other East European countries shows current price increases, it is likely that significant reductions in the quantities ordered will take place as a result of the price increases. (These reductions may amount to between 30 and 40 percent relative to procurement from other East European countries.)

A change in the labor force situation as compared to previous years' situation is forecast. Generally speaking, enterprises view the expected employment situation more favorably than what actually materializes, and yet, they predict an unprecedented 8 percent decline in employment in 1991 (about 10 percent in the mining, foundry, and machine industries). This should be attributed more to in house reductions in force than to structural transformation. The enterprises are predicting average workforce reductions in the construction and light industries, and a more moderate decline in the chemical and food industries.

According to the forecasts, workforce reductions in almost two-fifths of the enterprises will affect about one-tenth the number of all employees in 1991, in a manner similar to workforce reductions that took place in 1990. As applied to all enterprises surveyed, the reduction affects about 4 percent of the workforce. Workforce reductions will be significant in every branch of industry, and the ratio of reduction will be higher in Budapest than in the countryside. Seventy percent of the industrial enterprises predict significant unemployment within their respective regions, and the ratio of enterprises predicting unemployment in their respective regions for 1992 is 80 percent, (consisting mainly of machine industry enterprises). In most counties and in Budapest a substantial part of industrial enterprises predicts heavy increases in unemployment.

#### Stagnation

According to the industrial enterprises surveyed, average earnings will increase by between 23 and 25 percent in 1991. The increase will be smaller than average in the foundry and mining industries, and greater in the electrical energy and building materials industries. All industries endeavor to increase their earnings. Previous years' records show that average earnings forecasts are underestimated and that the difference between the predicted level and the actual earnings becomes increasingly greater as a result of increased inflation. (Table 2)

**Table 2. Number of Employees and Average Earnings in Industry (Previous year = 100)**

	1985	1986	1987	1988	1989	1990	1991
Average earnings							
—actual	110%	107%	110%	112%	120%	124%	
—enterprise forecasts	108%	107%	106%	107%	107%	112%	124%
Employment							
—actual	99%	99%	98%	98%	97%	88%	
—enterprise forecasts	100%	99%	99%	99%	99%	95%	93%

Industrial enterprises are hoping for stagnation in their 1991 gross production. They expect a 3-4 percent production decline in the mining and foundry industries, and a small increase in the machine and chemical industries, following the decline of 1990. Industrial enterprise production forecasts are generally more favorable than what is actually feasible. This is partly due to the underestimated price index. Considering the sales price index predicted by the enterprises, the volume of gross industrial production will decline by between 5 and 7 percentage points. The 1991 forecasts appear as particularly unrealistic, because the predictions failed to attribute sufficient weight to increasing difficulties in sales, and mainly to the tightening of the East European market which reduces production.

Domestic sales will decline by between 4 and 6 percentage points, according to the forecasts. In the mining

and light industries the decline will amount to about 10 percent. Only the chemical industry is counting on a small increase. The volume of domestic sales will decline by between 6-8 percent, and to a greater extent in the foundry, machine and light industries. Exports to East Europe are expected to decline by 20 percent. Based on changes that have occurred since the survey, (e.g., uncertainties about the opening of letters of credit), this expectation is overly optimistic by now. Mainly the machine and food industry enterprises count on reductions.

A between 7 and 9-percentage-point expansion of exports subject to settlement in convertible currencies is predicted. This expansion is somewhat more moderate than in the previous year. Increases in exports will be above average in the machine and light industries. Foundry industry enterprises predict a decline in exports. (Table 3)

**Table 3a. Sales Subject to Settlement in Convertible Currencies**

	1985	1986	1987	1988	1989	1990	1991
Actual	96.9%	96.0%	106.0%	110.0%	104.0%	103.0%	
Enterprise estimate	102.0%	97.0%	105.0%	104.0%	103.0%	110.0%	108.0%

**Table 3b. Domestic Sales**

	1985	1986	1987	1988	1989	1990	1991
Actual	101.5%	100.0%	104.0%	98.0%	96.0%	88.2%	
Enterprise estimate	100.0%	101.5%	101.5%	100.0%	100.0%	95.5%	94.5%

**Table 3c. Sales Subject to Settlement in Rubles**

	1985	1986	1987	1988	1989	1990	1991
Actual	105.0%	100.0%	98.0%	100.0%	93.0%	68.0%	
Enterprise estimate	105.0%	106.0%	102.5%	101.0%	100.0%	87.5%	78.0%

The enterprises believe that a more forceful increase in convertible currency exports is prevented by a lack of demand, the level of available technology and inadequate profitability. While limited market opportunities played a role in 1989 with respect to

convertible currency exports only to the extent of 30 percent, the same percentage was 40 in 1990 and will be almost 50 in 1991. Inadequate technology and profitability constitute barriers mainly to the machine industry.

### Liquidity Concern

Balance sheets in 1991 will show an 8- to 10-percent increase in earnings, but the size of the change will vary significantly. Industrial enterprises (whose share of earnings is 10 percent) will show an above average increase, while industrial cooperatives predict a decline. Base materials producers and the specialized energy producing branches forecast a significant decline in revenues, while the processing industry envisions a likely increase. Pharmaceutical manufacturers and the textile industry also count on substantial improvements. Behind the overall 13- to 16-percent increase in earnings predicted by the machine industry after losses suffered last year, a number of enterprises will close the year with zero, or only a few million forints in profits.

In the domestic market, enterprises expect a 35-percent price level increase in their purchases, and a 29-percent producer price increase when they act as sellers. Past experience suggests that the enterprises underestimated the price increases. Selling price increases will exert a more moderate effect on the earnings side because large increases in materials and energy prices, as well as in various categories of added expenses (for example, wage expenses, cost of fringe benefits, and interest expenses) will consistently reduce earnings. (All of this should not be interpreted to mean that these are the only factors to influence the earnings side, because enterprises generally underestimate their revenues in their forecasts.)

Liquidity concerns continue to characterize the financial situation of enterprises. Half the number of industrial enterprises (about 60 percent in the machine and light industries) believe that requirements for operating capital will increase. Partly as a result of reduced production, 10 percent of the enterprises (one-quarter in the machine and light industries) count on a reduction in available credit.

Two-fifths of the enterprises believe that indebtedness will further increase. They also predict increased indebtedness on part of their customers. Accounts receivable will increase heavily according to one-fourth of the industrial organizations, while half the number of these organizations project a small increase. (Less than 10 percent of the enterprises expect a reduction in the volume of accounts receivable.) The electrical, foundry, and chemical industries project a larger than average volume of noncollectibles. Enterprises continue to predict a greater deterioration in their customers' ability to pay in 1991 than with respect to their own ability to pay their short-term obligations. Seventy percent of the enterprises forecasts an increase in accounts receivable,

while only about 40 percent envisions an increase in the enterprises' accounts payable.

As a result of making installment payments, the predictions envision a moderation in the volume of long-term obligations. About two-fifths of the enterprises (mostly in the mining, foundry, chemical, and food industries) count on reduced volumes of loans provided by the state, and of investment and other long-term loans, and only 10 percent expect an increase in borrowing (e.g., the chemical and the machine industries). This view held by the enterprises (also) suggests that investment and development projects will be delayed, and this is confirmed by the forecast that enterprises count on an approximately 15-percent decline in investments (at current prices), which also represents a significant decline in volume.

### Without Strategy

Electrical, foundry, and food industry enterprises predict a larger than average reduction, while the chemical and light industries forecast an about average reduction. Demand for Hungarian as well as East European machinery will decline even if one considers current prices. The ratio of the enterprises' own financial resources to be used to pay for investments will increase, except in the energy industry. Reduced investments also suggest a strengthening of the enforcement of interests in the short term, a further deterioration of the technological level, and a continued delay of structural transformation. In short, all of this translates into a postponement of establishing the foundations for a future competitive posture. This is supported by the fact that the enterprises' view of the future has worsened in 1990. At the beginning of 1990 one-quarter of the enterprises had a usable (valid) developmental concept for the 1990's. At the beginning of this year, barely more than 10 percent of the enterprises had viable developmental strategies.

Transformation of the enterprises continues. About two-fifths of the industrial organizations expressed such an intent for 1991. Almost two-thirds of these plan to establish stock corporations. Depending on the size of these organizations, the incentive for transformation continues to be the lack of capital and indebtedness.

All in all, according to the forecasts, the situation of the enterprises will deteriorate more forcefully in 1991 than they did in 1990. The enterprises count on an essentially unchanged situation in 1992, and only in 1993 do they expect a small improvement. Machine industry enterprises predict a more forceful deterioration, and the recession in the machine industry will be stronger and will last longer than the average recession experienced by industry as a whole.

Changes in the Situation of Industrial Organizations, in the Early 1990's, as Compared to 1989

	1989	1990	1991	1992	1993
Industry	100.0%	88.0%	80.0%	87.5%	102.0%
Machine Industry	100.0%	76.0%	70.0%	74.0%	92.0%

### Privatization Revenue Less Than Expected

91CH05064 Budapest MAGYAR HIRLAP  
in Hungarian 20 Mar 91 pp 1, 8

[Article by Melinda Kamasz: "Privatization Revenue Less Than Expected; Were the Expectations Overly Optimistic?"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Revenue from privatization last year totalled about 600 million forints, of which 511 million forints was used to reduce the national debt. During the first two months of this year, nearly 700 million forints flowed into the State Property Agency's accounts with the Hungarian National Bank. Both totals are too small, especially in comparison with the 5.5 billion forints of revenue from privatization that had been planned for last year, and 45 billion that is expected this year. We asked Gyorgy Naszvadi, deputy state secretary at the Ministry of Finance, about the causes of the unexpectedly small influx of revenue.

According to the original plans, 5.5 billion forints of the revenue from privatization ought to have been used to pay off our national debt. But of the approximately 600 million forints that did flow in from privatization, it was possible to apply only 511 million forints against the national debt. The rest was used for other purposes, as specified in the 1990 property-policy guidelines.

When the budget for 1990 was being prepared, as you probably recall, there was considerable debate on whether to include the proceeds from privatization in the budget as current expenditure, or to use the proceeds to reduce the national debt. The decision adopted in the end favored the latter variant. That, incidentally, was the logical solution, because the collected revenue would have placed the state budget in a much better situation, particularly if the rate of privatization had accelerated, whereas it is not certain that the economy's performance would have supported the excessive spending, not to mention the fact that the national debt kept piling up in the background.

However, the problem did not arise in 1990 either way, because actual revenue was far below expectations, merely a tenth of what had been planned originally.

But the shortfall of revenue created another problem in conjunction with the fact that it had been planned to reduce the national debt by 5.5 billion forints in 1990, and the International Monetary Fund had been informed to that effect. It would have been important to achieve the promised figures especially because of the three-year loan agreement, which has been signed in the meantime. However, due to the unexpectedly favorable report balance of last year's state budget, failure to reduce the national debt to the extent that had been planned did not cause any problems after all. (It will be remembered that a deficit of about 10 billion forints had been expected, but instead the actual deficit turned out to be 1.5 billion forints.)

Again, many people blamed spontaneous privatization for the shortfall in revenue from privatization. But since then, privatization has been controlled centrally, yet the proceeds from privatization still fail to bear out the overoptimistic expectations. In the fall of 1990, the State Property Agency estimated that 45 billion forints of privatization revenue would be a realistic expectation for this year, and that was the figure which was then taking into consideration when preparing the budget for this year. In 1991 privatization should have been proceeding at full speed.

According to the law on the state budget for 1991, the state ought to be using this substantial revenue, or more accurately, 85 percent of it to buy back bonds issued by the State Housing Fund. (We discussed the underlying scheme of the State Housing Fund in our 2 February issue. The bonds serve to finance the subsidized interest on home mortgage loans. That interest rate is now 28 percent.) If the state were able to buy back bonds as planned, it could save a substantial amount in home mortgage subsidies, and the state budget for 1991 has accordingly earmarked an 8.5-billion-forint cut in expenditure.

But the 700 million forints that has flowed in during the first two months of this year does not support the hopes of 45 billion forints, not even if nearly 1.8 billion forints has flowed into the State Property Agency's accounts during the first half of March. Recently the head of the State Property Agency informed the Ministry of Finance in a letter that privatization revenue would be somewhat lower than expected. This, of course, is due not only to the slower-than-planned pace of privatization. The draft of the budget, that was eventually approved for 1991, specified that local governments would get merely 20 percent of the proceeds from the privatization of enterprises they had founded. As we very well know, this share has subsequently been raised to 50 percent. But the State Property Agency has kept using the 20-percent figure in its calculations all along. Thus, there will be less revenue which can be used to reduce the national debt. Moreover, the issuing of compensation certificates will also absorb a proportion of the revenue from privatization. The difficulties of the Soviet market are also causing cash-flow and other problems for the Hungarian enterprises, and that too detracts from the value of the firms earmarked for privatization. In all, the proceeds from privatization could be lower by as much as 10 billion to 15 billion forints, the State Property Agency indicated.

However, the Ministry of Finance on its part estimates that we will be doing well if privatization revenue reaches 20 billion forints.

But if the expected revenue does not flow in, then the budget will be unable to save all of the planned 8.5 billion forints. Of course, the date when privatization revenue flows in also matters. If it happens to be collected only at the end of the year, then interest on the Housing Fund bonds will anyhow have to be paid during the year.



Incidentally, it is still not entirely clear who will be entitled to a share of privatization revenue, and to how large a one. Last year the parliament ran out of time and did not approve the property-policy guidelines for 1991, which determine how the revenue is to be shared. According to the version presented to the National Assembly, all of the proceeds from loans provided on favorable terms to promote privatization is to be used to reduce the national debt. As specified also in the law adopting the annual state budget, the treasuries of the successor local governments will be entitled to 50 percent of the proceeds from the sale of enterprises founded originally by local councils. The 45 billion forints that the State Property Agency estimated earlier is the remainder after deducting these amounts. In addition to buying back the Housing Fund bonds, 8 percent of this amount is earmarked for attracting foreign investment. The Foundation for the Development of Entrepreneurship, and the Employment Fund may likewise claim a 2-percent share each. The State Property Agency may claim 2 percent of the revenue for financial interventions before privatization in order to avoid subsequent losses, and it must also set aside 1 percent to form a reserve for intervention. Although earlier the government accepted these proportions for sharing revenue from privatization, the Ministry of Finance, now aware that less revenue can be expected, might question whether it is still sound to go along with 85 percent for debt reduction, instead of using at least 95 percent for that purpose. In the ministry's opinion, the sharing of privatization revenue ought to be reconsidered. Consequently, it is still uncertain who will benefit from privatization revenue. Serious bargaining will probably begin in the course of the parliamentary debate. Naturally, it will be worth bargaining only if there is something with which to bargain.

#### **Military Industry: Financial Situation Analyzed**

91CH05268 Budapest FIGYELO in Hungarian  
28 Mar 91 p 2

[Article by Ministry of Finance official Jozsef Csobay "Is There a Military Industry?"]

[Text] I take issue with a few statements contained in "There Was Once, Now There Is No Military Industry," an article published in FIGYELO No. 7, 1991. I agree with the basic conclusion concerning the recent, drastic decline in military orders, that this field of industry was shaken in its foundation and that some enterprises went bankrupt as a result. But in my view, the article also contains erroneous information which needs to be clarified.

The ratio of military and civilian production varies greatly in the various enterprises. According to the article, in 1988, the year of peak military production, the ratio of military production in the 17 most significant enterprises involved in this field amounted to between 7.1 percent and 100.0 of the total production including

civilian production. These enterprises produced and provided more than 90 percent of all Hungarian military products and services.

As a result of fewer military orders, the ratio of military industrial sales within the total sales of all except two of these enterprises, showed a general decline in 1989. (The reduction in military orders affected only the export orders; the changed needs of Hungarian armed services and armed bodies did not affect the Hungarian military industry as a whole.)

At no point in time was the military industry large enough to play a definitive role in the Hungarian people's economy. Even in the peak year, military industry represented only a small part of our entire industry, and only 5 percent of the machine industry. Considering this ratio, assertions that the drastic decline in military orders exerted virtually catastrophic effects on industry or on the machine industry as a whole appear to be exaggerated. Such statements may be true with respect to certain enterprises, but are excessively dramatized as far as this branch of industry as a whole is concerned!

In 1989, more than half of the number of enterprises examined were able to compensate for missing military sales as a result of a dynamic increase in civilian activities. In 13 of the 17 enterprises, civilian production and sales showed a clear increase of rather dynamic proportions. In three additional enterprises, the decline in production and sales amounted to less than 10 percent. Four firms experienced a substantial decline: Labor MIM (since liquidated), the Precision-Mechanical Enterprise, the MN Godollo Machine Works, and the Pest Area Machine Works.

The article conveys the sense that military orders were enacted earlier than civilian orders, and that the enterprises were not prepared for such reductions. These suggestions amount to half-truths in my view. The largest part of Hungarian military industrial activities consisted of the manufacture and export of military communication equipment and instrumentation. These products were fundamentally defensive in nature. During the 5-year plan which began in 1985 and ended in 1990, obtaining export (mainly Soviet) orders, payable in rubles, to commit the related Hungarian manufacturing capacities required great efforts on our part. Central planning and managing bodies went out of their way to impress enterprises that they might experience significant problems beginning in 1990, but the enterprises did not believe that the situation was "critical".

The article states that the Finance Ministry, which coordinated analyses at the macro level, took the position that the situation of military production enterprises was no different from the general situation faced by Hungarian industry as a whole, and that therefore there was no reason for the government to pay special attention to the military industry. The Finance Ministry has no duty or authority to perform or to coordinate macro-level analyses of military industrial activities. On the

other hand, the aforementioned position was adopted not by the Finance Ministry, but as a result of a cabinet-level decision. Thus, we find that the cabinet has also dealt with the situation of the military industry!

The interpretation provided in FIGYELO justifies the need for central governmental assistance by saying that decisions to borrow in order to finance investments were not made by the enterprises on their own. The enterprises continue to make installment payments on these high interest rate loans, or, better said: They would make these payments if they had the needed funds.

Fully aware of my responsibility I am able to say that these enterprises "fought" to acquire a military industry profile. It provided a greater than average profitability, and the terms of related investment loans were clearly more favorable than those which financed civilian investments. I have in mind here not only the always more favorable terms of state loans as compared to other borrowing, or the basic funding provided by the state, both of which financed the bulk of investments made by the military industry. I also have in mind the fact that contractors and subcontractors were assigned on a mandatory basis in the framework of the investment decisions.

The article further states that the government forgave the whole or part of debts incurred as a result of borrowing expressly for military production investment purposes. Considering my official function, I should be aware of such cases, but I know of no instance in which debts incurred as a result of investment borrowing were forgiven in 1990 or 1991.

The article makes special mention of Videoton's loan obligations. This enterprise requested significant amounts of outright budgetary support for the first half of the 1990's to finance its military communications technology investments. We, at the Ministry of Finance, rejected this request as groundless from the standpoint of marketability. Videoton management returned and asked that we grant a preferential state loan as long as it did not receive outright funding. This request was also rejected, but Videoton's mind could not be changed. They fought to obtain credit from commercial banks, and all they asked us to do was not to counter their intent. Videoton claimed that there were no risks involved: There should be no concern even if the hoped for Soviet market for military products failed to materialize at the end of the investment period. They claimed that they would use the technology acquired as a result of the investment to produce robots with which they would inundate the world. In the end the bank approved the loan and we now find ourselves in the situation described in the article!

The article raises this issue: "And yet, it would be worthwhile to examine just why firms which presumably had the most advanced technology and the best professionals were, and still are, unable to make money from the experience gained in the manufacture of military

products, by transferring this experience to the civilian market, in a manner similar to what the Western military industry did...." We could only wish to have a situation like this, but reality in Hungary is quite different! The problems experienced by the military industry are aggravated by the fact that most of the products manufactured by that industry are not state of the art. Most products were manufactured based on licenses and needs expressed by the former socialist, basically Soviet, trading partners. In turn, in most instances these trading partners did not order state of the art products from the Hungarian military industry, because in general, they reserved for themselves the manufacture of such products.

Finally, the article combines technological development and investments to a certain extent. The 1991 state budget provides funds for technological development under the research heading, and mainly for purposes of basic experimentation and research. Accordingly, basic military industrial research does exist! In contrast, from a practical standpoint, there were no incomplete military industrial investment projects as of the end of 1990. Incidentally, this is a result of the planning phase of the 5-year plan which ran that far.

The article regards as small, the amount of 1990 support provided for transition to civilian production. This amount was small indeed, but this was not the Finance Ministry's doing. The fundamental reason for the small amount was that only a very few enterprises submitted acceptable programs for evolution or transition requiring central funding resources. The Precision-Mechanical Enterprise was one of these.

A listing of enterprises which possess military industrial capacities were grouped according to their respective financial situations in a supplement to the article. I would like to add to this supplement that the problems experienced by the Telephone Factory, the BHG, the Hungarian Optical Works [MOM], the Matra Area Metal Works, and Orion are not fundamentally based on their military industrial profiles. Even when they prospered most, when production was at the highest levels, the military production rate barely reached, or just barely exceeded a 10-percent ratio in these enterprises. A 10-percent change in production structure should not cause concern for a prospering enterprise. The listing properly shows the Weapons and Gas Appliance Factory [FEG] as one that experiences a difficult situation. But the profitability of that enterprise was rather high at times when the ratio of arms exports was high. It could have made advance installments payments or build up reserves at that time, but it failed to do so. FEG always used up its extra profits!

Further, the information which holds that earlier expense reimbursement for unused capacities provided by the state to the Northern Hungary Chemical Works and to the Nitro-Chemical Industrial Plants have failed to materialize in 1991 is totally incomprehensible. Law No. 54 of 1990 which provides for the 1991 state budget

also provides funding for such reimbursement, and these provisions were based on justified needs submitted by the Ministry of Industry and Commerce.

The future of military industrial capacities will be determined by the new defense concept to be developed by the Ministry of Defense and to be approved by the parliament, and by the requirements that concept establishes with respect to industry. Accordingly, the future finances of, and opportunities available to the military industry will be determined by these laws.

From the standpoint of law and financial resources, nothing stands in the way of the Finance Ministry to transfer the reimbursements through the Ministry of Industry and Commerce to the enterprises involved. Nevertheless such transfer is conditioned by the need for the Ministry of Industry and Commerce and the Ministry of Defense to reconcile their specific proposals not only regarding the choice of enterprises and purposes, but also the pacing of such payments within the year, as prescribed by the budget law.

#### **Drug Abuse Control Conference Held in Oslo**

*LD1005180891 Budapest MTI in English 1441 GMT  
10 May 91*

[Text] Oslo, 10 May (MTI)—In view of the expectations of Hungary becoming a high-risk country with regard to drug consumption, suitable countermeasures have to be taken with reliance on European cooperation, Hungarian Welfare Minister Laszlo Surjan told MTI's special correspondent. Surjan was elected vice president of the first two-day pan-European Drug Abuse Control Conference in Oslo.

The minister pointed out that the number of heroin or cocaine addicts was negligible for the time being, with a few thousand people using other narcotics.

According to the Hungarian report read out at the conference, from 1986 to 1990 judicial proceedings for illegal drug use and distribution were initiated against 362 persons, including 43 addicts. Last year, 220 grams of opium and opium derivatives, 3,000 millilitres of morphine, 4,000 grams of heroin, and 580 grams of marijuana were confiscated from 28 people, 10 of whom were foreign citizens.

The period from 1973 to 1989 saw 55 deaths resulting from illegal drug use, while there were no such cases last year. Out of the 235 registered AIDS patients, 49 have developed the symptoms of the disease, among them only one drug addict.

### **POLAND**

#### **Central Planning Administration 1991 Forecasts**

*AU0105183891 Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
26 Apr 91 p 1*

[Article by Krzysztof Bien: "A Warning Sign"]

[Text] The Central Planning Administration [CUP] has prepared a report on the state of the economy in the first

quarter of 1991 containing a number of cautionary forecasts. The CUP does not conceal the fact that our country is in a difficult position economically, and its forecasts for the rest of the year tend toward the pessimistic.

Although it is true that many of the figures contained in the document are already known from the Main Statistical Office communique (we have already discussed it in our columns), they are worth recalling. This is because they are used in the CUP document—and this is the most interesting part of it—to make forecasts about the future.

The main economic dangers are cited in the introduction to the CUP document. They are: declining output in the basic sectors of manufacturing industry; the collapse of trade with Eastern European countries, especially trade with the Soviet Union; a reduced capacity for expansion due to the curbing of investment; and a less balanced budget.

According to the CUP, the magnitude of these dangers outweighs such positive developments as: the consolidation of market equilibrium; the speeding up of privatization; the expansion of the private sector; and a drop in the rate at which unemployment is growing.

The key points in the analysis of the economic situation are:

- A decline in the level of economic activity, which is particularly evident in industrial output (which fell by 4.5 percent, compared to the first quarter of 1990, and during the first quarter of 1991); construction work (a drop of 15.3 percent); and transportation (a drop of 25.5 percent).
- A falling trend in exports, with the volume of exports falling by 3.9 percent during the first quarter, whereas during 1990 exports rose by 14.9 percent compared to 1989. According to Polish National Bank figures, convertible currency denominated exports to the Soviet Union during the first quarter barely amounted to \$39 million.
- A further deterioration in the economic state of agriculture. Crop production levels are threatened by the minimal demand for fertilizers, the use of which—after this year's harvest—will fall to 70 kilograms per hectare (compared to 164 kilograms in 1990).
- A drastic worsening of the financial state of enterprises, especially state enterprises. Profitability fell from 36 percent during the period January-February of last year to nine percent this year, which will have implications for the State Budget as well as the enterprises' own expansion prospects. The figures for March are not available yet. The CUP does, however, note that the tax on excess wage growth "ate up" 22 percent of the profits retained by enterprises. The share of output accounted for by stocks of goods—an

interesting piece of information—rose from 13.7 percent in 1990 to 37.5 percent of monthly sales in 1991.

- The State Budget is finding itself in increasing difficulties. The budget deficit at the end of the first quarter amounted to 6.2 trillion zlotys, compared to 0.7 trillion zlotys at the end of February, and a 1 trillion surplus at the end of January.
- The inflation rate, although declining, still remains high. In March of this year, prices were 25.7 percent higher than in December of last year.
- The growth of the private sector, says the document, is slowing down. However, to be objective, a number of other figures have to be mentioned, and they clearly indicate that the situation in the private sector is better than in the state sector. In March manufacturing and the provision of services were being pursued by 1,162,000 businesses belonging to physical persons, that is, by 2.4 percent more than at the end of last year. During the same period, the number of persons employed by these businesses rose from 1,926,000 to 2,082,000. The total share of industrial output accounted for by the private sector has already reached 17.5 percent and is as high 40.8 percent in the case of construction. The CUP maintains that 75 percent of shops, accounting for 80 percent of retail sales, are already in private hands.
- The rate at which unemployment is growing fell from 93,000 a month (on average) last year to 65,000 this year.

Many of the forecasts for the remaining months of this year envisage various scenarios. The forecasts depend on, for example, such factors as the zloty exchange rate for the dollar. Under the first scenario, the CUP assumes that the exchange rate will remain the same for the rest of the year, whereas the second scenario envisages a 30 percent devaluation of the zloty starting on 1 July. Thus, the resulting forecast is that prices will rise within a band of between 83.4 percent and 87.1 percent for 1991 as a whole in relation to 1990.

The CUP predicts that average wages for the six basic sectors of the economy will rise to between 1,895,000 and 1,935,000 zlotys in December of this year. Average wages at the end of the first quarter were 1,647,000 zlotys. Average wages for 1991 as whole would amount to between 1,740,000 and 1,770,000 zlotys. This means that average wages for 1990 would be 72 percent higher than last year. Allowing for price movements, this represent a drop in real wages of between six and eight percent for 1991.

Other forecasts for 1991 are:

- A drop in industrial output of between five and six percent (12 percent in the iron and steel industry, 15 percent in electrical engineering, two percent in light industry, alongside a one percent increase in chemicals and a seven percent increase in foodstuffs).
- A drop in construction and renovation work of between 13 and 14 percent, a drop of 2.5 percent in agricultural output.

- The balance of trade deficit will, according to the CUP, amount to \$2.1 billion at the end of the year.
- 1.9 million people will be unemployed.

### **Bielecki on Financing Agriculture, State Farms**

*LD0805200891 Warsaw Domestic Service in Polish  
1400 GMT 8 May 91*

[Text] The problems of financing state farms [PGR], in particular crediting them, as well as the ownership transformations in the state sector of agriculture dominated a meeting between Prime Minister Jan Krzysztof Bielecki and deputies, the joint authors of a draft law on the PGRs. Will the prime minister intervene with managers of banks for cheaper new credits for the PGRs? Jan Krzysztof Bielecki is talking:

[Begin recording] Not insofar as they are cheaper, as that would be optimistic, only for (?the provision) of financing. This is connected with the credit-monetary policy of the government and really of the Polish National Bank. I naturally can only say that I will talk to the chairman on this subject. However, they also, which is important, have noticed the need to carry out certain fundamental changes in the functioning of the enterprise. I would rather see the harbingers of those good things which are happening in Poland and not only endless problems, that is if there are going to be more liquid assets, then we will somehow survive. That was precisely the process; nearly 18 months have already passed since the reforms were introduced, and basically in many matters we're still at the starting point. [end recording]

### **New Owner for Three Periodicals Announced**

*LD0905195191 Warsaw TVP Television Network  
in Polish 1730 GMT 9 May 91*

[Text] The Oferta dla Kazdego [Offers for Everyone] employees' company has bought three weeklies—PRZYJACIOLKA, PRAWO I ZYCIE, and ZYCIE GOSPODARCZE—for the starting price of 8 billion zlotys. The RSW Prasa-Ksiazka-Ruch [publishers] liquidation commission rejected two competing bids—of 12 billion zlotys from Universal [trade enterprise] and of 8.5 billion zlotys from the Polish Peasant Party chief executive committee.

## **YUGOSLAVIA**

### **Economic Forum Debates Slovene Monetary Policy**

*91BA0616A Ljubljana DELO in Slovene 23 Apr 91 p 3*

[Article by Miha Jenko: "U.S. Recognition Key for Slovene Admission to IMF"]

[Text] Ljubljana, 22 Apr—In preparing Slovenia's own monetary system it will be necessary to take into account and adjust to three sets of circumstances: the economic



and financial situation in Slovenia itself, the means and conditions of separation from Yugoslavia (and there could be a lot of surprises in this regard), and the international environment, from which negative warnings are coming. This was stated, among other things, at yesterday's meeting of the New Economic Forum by Milica Ozbic, who has been the governor of the National Bank of Slovenia for many years.

In talking about possible plans for Slovenia's monetary policy, she emphasized that we were still faced with many unknowns with respect to a new monetary system and currency. Recognition of the sovereignty of the Republic of Slovenia by the United States (which has veto power in the IMF) is thus certainly the key condition for Slovenia's being accepted into the IMF, by which the Slovene monetary system would legally enter the international monetary world. She emphasized that the adoption of a possible currency of our own would be a difficult job, and that a reasonable compromise between needs and possibilities would be necessary. In the given situation, a more flexible monetary policy would lead to a weak dinar, but consistently pushing for a convertible currency would likewise cause tensions, so that it could happen that we would sacrifice both the stability and the convertibility of the currency. In response to a question about whether we had already completed an assessment of how the talks on succession were going between the National Bank of Yugoslavia and the National Bank of Slovenia [NBS], Milica Ozbic answered that the discussion had not even started yet. In that discussion, the NBS would need, above all, a complete information system, which was already functioning normally, according to her.

#### **Industrial Production in Slovenia Declining**

91BA0616B Ljubljana DELO in Slovene 23 Apr 91 p 5

[Article by (ml): "Slovene Industry Is Declining"]

[Text] Ljubljana, 23 Apr—In March 1991 Slovene industry produced 5.4 percent less than in February

1991, but 16.3 percent less than in March 1990 and 5 percent less than last year's monthly average. In the first three months of this year together, industry produced 13.6 percent less than in the same period last year, according to a report from the Slovene Institute for Statistics.

The greatest decline was in the production of the means of labor, of which we produced about one fourth less in the first quarter of this year than we did in the same period last year. Industry produced 16 percent less semimanufactured products than in the same quarter in 1990, and 5 percent less consumer goods.

In February, 63,012 unemployed (including 28,656 women) were registered with the Republic Institute for Employment, or 4.1 percent more than in January. In comparison with last February, there are almost 67 percent more people seeking employment this February.

There are 5,180 employees newly registered, or 32 percent less than in January. Almost half of those seeking employment are younger than 26. There were 10,169 unemployed people registered as a result of firms' bankruptcies, or 8.5 percent more than in January.

Of all the unemployed people registered, 11.4 percent are unskilled, 36.2 percent are semiskilled, 26.9 percent are highly skilled or skilled, 20.6 percent have intermediate professional training, 3.2 percent have higher professional training, and 2.7 percent have a higher education.

In March 1991, Slovenia exported \$397 million in goods, or 26.3 percent, less than in March 1990. It imported \$376 million, or a good one-fourth less than in March 1990. Exports in the first quarter of this year amounted to \$1.167 billion, or 2.2 percent more than in the same period of last year, and imports for the quarter were \$1.379 million, or 23.9 percent more than in the same quarter last year.

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